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economic analysis of north american ski areas 1987-88 season

NSAA

Business Research Division
Graduate School of Business Administration
University of Colorado at Boulder
Boulder, Colorado

NSAA
NATIONAL SKI AREAS ASSOCIATION

ECONOMIC ANALYSIS OF NORTH AMERICAN SKI AREAS

by
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Graduate School of Business Administration
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Price Per Copy - $55.00

Additional copies may be ordered from:

Business Research Division
Campus Box 420
University of Colorado
Boulder, Colorado 80309

ISBN: 0 - 89478 - 008 - 5

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Graduate School of Business Administration
University of Colorado
Boulder, Colorado 80309

ECONOMIC ANALYSIS OF NORTH AMERICAN SKI AREAS
1987-88

EXECUTIVE SUMMARY

This 1987-88 survey is the twentieth economic report to the ski industry. Measured by skier visits, the respondents to this survey reported total skier visits of 30.9 million compared with the 1987-88 NSAA End of Season National Business Survey estimated total of 53.9 million skier visits for the nation. This means the respondents to this survey received 57 percent of the skier visits in the nation in 1987-88. If the balance of the areas had similar experiences the ski industry processed gross revenues of $1.76 billion and provided payrolls (direct labor) of $353.2 million.

This report follows the format of the previous reports to increase comparability and standardize measurements. Western Canada data is presented for the second time as 20 areas responded, making it possible to do a regional breakout.

Response

The 1987-88 survey is based on complete and detailed financial data from 138 ski areas, a 3 percent increase from the 1986-87 study.

Profitability

The ski industry recorded an average 6.8 percent operating profit (profit before income tax and interest expense) as a return on Gross Fixed Assets, up from the 4.9 percent in 1986-87, and the 5.2 percent in 1985-86. Eighty-three percent of the respondents reported operating profits which is more than the 75 percent in 1986-87. The average before tax profit was $368,000, up substantially from the average before tax profit of $120,000 in 1986-87, and the $105,000 recorded in 1985-86.

Utilization

Utilization was up to 33.1 percent from 32.9 percent in 1986-87. Equivalent days/nights of operation were up to 127 from 125 in 1986-87, but below the 129 recorded in 1985-86.

Revenue

Average revenue per skier visit increased 8.9 percent to $20.73. Average total revenue from Table 26 was up 17.6 percent to $5,102,000.

Average adult weekend day ski lift ticket prices were up 8.6 percent to $23.36.

Expenses

Cash operating costs averaged $5.28 per skier capacity per equivalent operating day/night. This critical measure is up 8.6 percent from the $4.87 of 1986-87, and is above the $4.99 of 1985-86. Direct operating expenses were up 12.0 percent. Insurance costs again increased—14.3 percent.

Highlights At a Glance

		By Profitability		
	1987-88 Respondents (000)	Top Half (000)	Bottom Half (000)	Loss (000)
Gross Fixed Assets	$11,757	$13,357	$9,899	$12,226
Total Gross Revenue	7,271	9,540	5,095	6,868
Less: Operating Expenses	6,476	7,686	4,670	7,766
Operating Profit (Loss)	795	1,854	425	(898)
Less: Interest	427	426	405	482
Profit (Loss) Before Tax	$ 368	$ 1,428	$ 20	$(1,380)
Number of Respondents	(138)	(58)	(56)	(24)

Summary

The 1987-88 ski season can be described as a "year of improvement" as several critical indicators turned in the right direction. The industry recorded an average 6.8 percent operating profit (profit before income tax and interest expense) as a return on Gross Fixed Assets, up from the 4.9 percent in 1986-87. Dollar profits before taxes were $368,000, up from the $120,000 in 1986-87. While additional improvement still needs to be made, these indicators are up substantially and hopefully will be the start of a new trend. These gains take on added value when one considers that operating days and skier visits were similar to the previous season (even though skier visits rose to a record level of 53.9 million in 1987-88, this was only slightly above the 53.7 million of 1986-87). Eighty-three percent of the areas showed an operating profit which was the best performance since the 1981-82 season. In addition, utilization was up, revenue was up, and average revenue per skier visit was up. Unfortunately, operating expenses were also up.

The top profit areas continue to perform well above the industry averages. The top profit areas recorded an average profit before taxes of $1,428,000, up from the $1,334,000 recorded in 1986-87. Operating profit on GFA was 13.9 percent. See Chapter V for more detail on profitability.

While most regions recorded a reasonable performance, the Rockies suffered losses and pulled averages down. The 1987-88 season saw California and Western Canada move back in the profit column after suffering losses in the 1986-87 season.

New England and the East recorded the largest dollar profits before taxes, $901,000 and $753,000 respectively, while the Central Rockies recorded a loss of $781,000. See Chapter VII, Regional Ski Area Characteristics, for details on regional performance.

THE SKI AREA DOLLAR

Table A and the following pie charts illustrate the sources and uses of the ski area customer's dollar for the 1987-88 season.

TABLE A

THE SKI AREA DOLLAR

	1987-88 Season	1986-87 Season	1985-86 Season	1984-85 Season	1983-84 Season
What It Buys					
Ski Lift Tickets	$0.529	$0.547	$0.516	$0.51	$0.51
Ski Lessons	.059	.058	.057	.06	.06
Food and Beverages	.122	.126	.113	.11	.10
Ski Equipment and Clothing	.045	.042	.039	.04	.04
Rental of Equipment	.041	.041	.035	.03	.03
Miscellaneous (Winter)	.063	.061	.056	.05	.04
Summer Services[a]	.062	.069	.071	.08	.09
Real Estate	.079	.056	.113	.12	.13
	$1.000	$1.000	$1.000	$1.00	$1.00
What It Pays For					
Labor (Payrolls)[b]	$0.238	$0.250	$0.242	$0.24	$0.24
Utilities, Supplies, Maintenance, etc.[c]	.166	.175	.185	.17	.17
Cost of Goods Sold	.113	.109	.149	.13	.14
General and Administrative	.106	.110	.109	.11	.11
Depreciation	.101	.112	.103	.11	.11
Interest	.059	.068	.066	.06	.07
Advertising/Marketing	.052	.055	.051	.05	.04
Insurance	.055	.056	.042	.03	.02
Land Use Fees	.017	.015	.017	.02	.02
Property and Other Taxes	.017	.016	.018	.02	.02
Miscellaneous	.036	.024	.010	.02	-
Income Taxes (50%)	.020	.005	.004	.02	.03
Profit (50%)	.020	.005	.004	.02	.03
	$1.000	$1.000	$1.000	$1.00	$1.00

[a] Includes summer season plus utility department and miscellaneous.

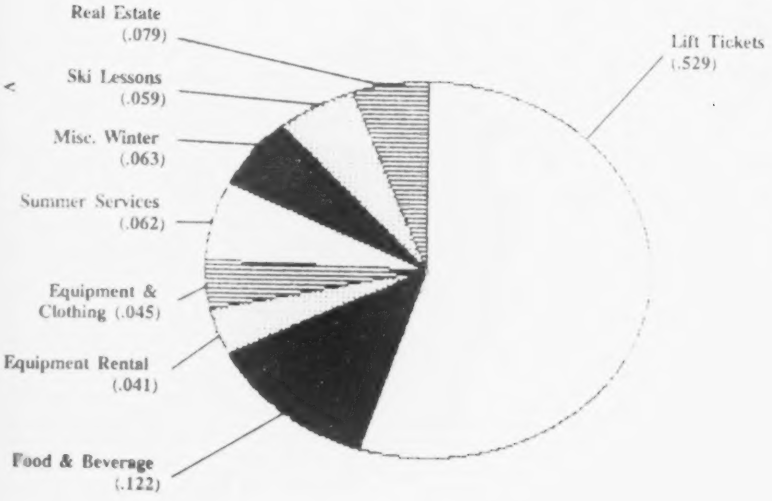
[b] Includes direct labor, snowmaking labor and payroll taxes.

[c] Includes other direct property operations, snow removal, and snowmaking—power, maintenance, other.

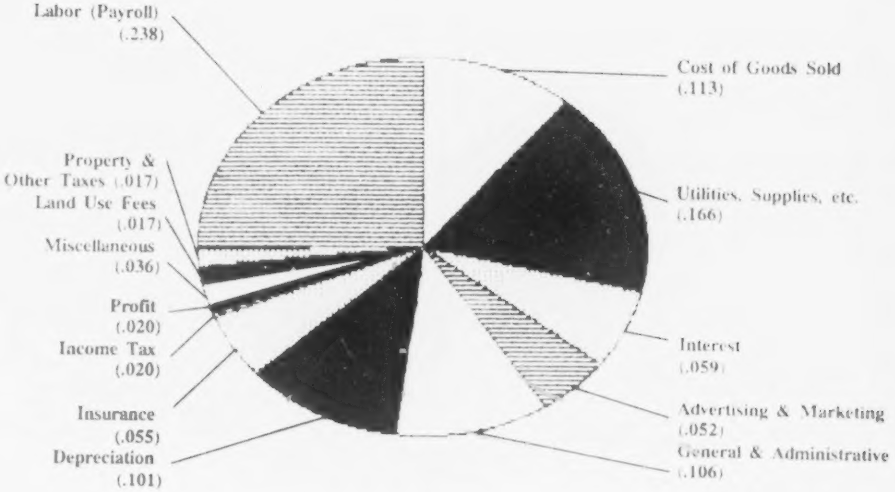
THE SKI AREA DOLLAR

1987-88

WHAT IT BUYS



WHAT IT PAYS FOR



COMMENTS FROM AROUND THE COUNTRY

NATIONAL SKI AREAS ASSOCIATION

Cal Conniff, President

The 1987-88 season put the industry in a holding pattern with approximately 53.9 million skier days, essentially remaining steady with the previous season, which was the best ever recorded. It was a good season, but not one that showed dynamic growth. Weather conditions were generally favorable in most regions of the country, although average snowfall continued a four-year downward trend.

With the industry's concern about market growth, it was encouraging to note that the average number of ski lessons sold rose 9 percent, following a gain of 5 percent the previous season. Programs promoting entry-level skiing helped boost beginner lessons by an impressive 11 percent. These are our new skiers, and every ski area in the nation should give extra special attention toward nurturing the growth of this business.

Some $202.5 million was spent on mountain expansion and improvements in preparation for the 1988-89 season. Area operators continue to invest heavily in new or expanded snowmaking systems, helping guarantee quality skiing regardless of natural snowfall. In addition to snowmaking equipment, expansion dollars also went toward new slopes and trails, high-capacity lift systems and vehicles for snowfarming. All of this translates into improved facilities for the public to enjoy.

VERMONT

George Donovan, Chief of Research, Agency of Development and Community Affairs

A mild winter with infrequent snowfalls resulted in a drop of about 7 percent in the number of skier days at Vermont ski areas during the 1987-88 season. An estimated 107,000 skiers were on the slopes Sunday, February 14. The total number of alpine skier days is estimated at 4.85 million, the second highest season on record. A survey of out-of-state skiers indicates expenditures of about $67.20 per day, an average stay of 3.8 days, and 3.1 persons per trip.

The following table details attendance and expenditures.

Season	Estimated Annual Skier Expenditures	Estimated Skier Days	Average Expend. per Skier Day
1976-77	$ 80,000,000	3,000,000	$26.70
1977-78	115,000,000	3,600,000	32.00
1978-79	109,000,000	3,200,000	34.00
1979-80	84,000,000	2,100,000	40.00
1980-81	120,000,000	3,100,000	39.00
1981-82	200,000,000	4,000,000	50.00
1982-83	165,000,000	3,000,000	55.00
1983-84	230,000,000	4,150,000	55.50
1984-85	217,000,000	3,850,000	56.50
1985-86	250,000,000	4,460,000	56.00
Vermonters	15,000,000	710,000	20.00
Out-of-Staters	235,000,000	3,750,000	62.20
1986-87	330,000,000	5,200,000	63.50
Vermonters	20,000,000	850,000	21.00
Out-of-Staters	310,000,000	4,350,000	71.30
1987-88	290,000,000	4,850,000	60.00
Vermonters	16,000,000	780,000	21.00
Out-of-Staters	274,000,000	4,070,000	67.20

SOUTHEASTERN SKI AREAS ASSOCIATION

D. Grady Moretz, Jr., President

Southeastern Ski Areas Association with 14 of 19 member areas reporting (three in West Virginia, three in Virginia, seven in North Carolina and one in Tennessee) recorded the following results.

Six areas reported the *most* skiers ever, three reported second most skier visits ever and all others reported either up or one of the best seasons.

Snowmaking hours were up at all areas because snowfall was down quite a bit. However, the weather basically cooperated areas that historically open at Thanksgiving did so because there were some cold snaps in November to permit snowmaking. Areas that didn't open until mid-December had a slower start due to a mild December. January and February were both continually cold and good snowmaking months. March arrived with weather like December. Overall, it was a very good year for southeastern ski areas.

COLORADO SKI COUNTRY USA

John Lay, President

During the summer of 1987, the Colorado resorts added over $25 million in mountain enhancements to the almost quarter of a billion dollars spent over the previous three seasons. Almost every destination resort boasted either a high-speed gondola, a Super Chair, or both when the 1987-88 season opened with 8 new lifts. In addition, more than 500 acres of new terrain and 228 new acres covered by snowmaking, were opened.

The season ended with a sixth straight record-breaking year, despite sporadic, early season snowfall, resulting in fewer operating days. Destination skiers continued to drive the Colorado ski industry, accounting for almost 70 percent of the 9,557,002 skier visits, up slightly more than 1 percent from the 1986-87 season. The nonstop, direct flights into ski resort towns continued to play a major role in generating destination visits. The Colorado destination skier (those not returning home after a day of skiing) also showed growth rising from 7.2 percent a year ago, to 7.8 percent for the 1987-88 season.

It is estimated that this skier visit increase resulted in total employment of 53,200, up from 52,800. This included 7,650 employed directly by the ski resorts. In total the ski resorts and related businesses generated $1.9 billion, up 4.5 percent over the 86-87 season.

SKI UTAH/UTAH SKI ASSOCIATION

Bob Bailey, Executive Director

The 1987-88 Utah ski season began as it did in 1986-87, with below average snowfall in Northern Utah but above average snowfall at Southern Utah resorts. Once again, local skiers, accustomed to skiing the "Greatest Snow on Earth," waited for conditions to improve before venturing out onto the slopes and were not in the early season marketplace.

Park City kicked off the season with "Americas Opening" mens and womens pro races over Thanksgiving weekend. Those areas in Northern Utah with snowmaking capabilities were able to provide limited but excellent skiing on man-made snow, but resorts that had to rely on Mother Nature opened 30 days later than 1986-87.

Christmas saw all Utah ski areas open with Southern Utah resorts experiencing record numbers of skiers for the second year in a row. Northern Utah welcomed large numbers of destination skiers but local skiers were still waiting for what they perceived as better conditions.

Snow did arrive by the end of January but remained only about 60 percent of normal in Northern Utah. Destination skiers continued to flock to Utah but because local skiers chose to stay at home, skier days were down 7.4 percent at mid-season. By the end of the 1987-88 season, despite skier day records at Brian Head, Elk Meadows, and Park West, Utah state wide totals were off 3 percent from 1986-87 at 2,368,985 skier days. It was a season of mixed reviews with destination skier days up dramatically, showing the marketability of the Utah product, but local skiers incorrectly thought that skiing was not up to their standard, thus preventing another record season.

PACIFIC NORTHWEST SKI AREAS ASSOCIATION

Mel Borgersen, President

Most of the ski areas in Washington, Oregon and Western Idaho enjoyed a good, if not excellent, winter season in 1987-88. The overall skier visits were up 5.7 percent.

State	No. of Areas	Skier Visits 1986-87	Skier Visits 1987-88	Change Amount	Change %
Washington	16	1,780,438	1,927,783	147,345	8.3%
Oregon	12	1,383,495	1,408,192	24,697	1.8
Western Idaho	3	307,953	335,035	27,082	8.8
Pacific Northwest	31	3,471,886	3,671,010	+ 199,124	+ 5.7%

This increase was significant insofar as the 1986-87 skier visits were 19.2 percent greater than the 1985-86 attendance.

As usual, some individual ski areas showed large gains in skier visits, some experienced little change, and a few showed declines. This was due to differences in weather and total snowfall.

The entire Pacific Northwest Region has experienced a drought, starting with the winter of 1985-86. Since then, the snowpack in the Coastal Range has been about 75 percent of average. Some regions east of the Coastal Range, including parts of Western Idaho, have also had less than average precipitation and snowfall.

Fortunately, most ski areas had sufficient snowfall to operate all facilities. General weather conditions were favorable, and the market was strong. Some ski areas set new single day attendance records.

Ten major ski areas reported the number of operating days. The average was 128.0, compared to 123.7 the year before. The smallest number of operating days was 90 and the largest was 224.

SIERRA SKI AREAS ASSOCIATION

Bob Roberts, Executive Director

The 1987-88 ski season was an improvement on its predecessor. Unfortunately, a second straight winter with mild temperatures and scant precipitation yielded only marginal improvements in skier visits. Early storms insured that Christmas and New Years holidays were adequately covered. Almost every resort enjoyed outstanding attendance during the holiday period.

During the months of January and February the jet stream shifted the storm track north of Sierra. Very little snow fell. March was the dryest March in California since 1889. Sierra resorts, through efficient grooming, judicious snowmaking, and gritty marketing, managed to hang in and on. The industry generated 5.7 million skier visits. The figures were up over a half million from the previous season, but well below the record of 7.1 million.

Undaunted by the well-publicized "Greenhouse" theories, Sierra ski areas have embarked on a 9.5 million dollar SKI THE CALIFORNIAS promotion with the California Jeep/Eagle dealers for the forthcoming season.

BRITISH COLUMBIA

George McKay, Coordinator of Ski Development, Province of British Columbia, Canada

The past ski season was a record year in both revenue and business volumes for all sectors of the industry. Provincial totals exceeded all prior years despite less than average snowfalls. The success can be attributed to new developments, improved marketing, and better packaging by the resorts.

Downhill Ski Area Results

Total skier visits to BC ski areas was up 22 percent in 1987/88 to 3,295,000 days. Skier visits to the mountain resorts were also up (19 percent), totaling 3,018,558 days, exceeding the three million mark for the first time. The mountain resorts represent the 21 largest ski areas in the province and normally provide over 90 percent of the skier days. The record number for the province-wide areas indicates the smaller areas had a good season as well. This increase means there were 612,000 more skier days in 1987/88 than the year before.

In the mountain resorts 16 areas reported increased skier counts, four areas reported decreases and one area indicated no change. It was a very good year on the coast with Blackcomb leading the way after installing the new express lifts and relocating and improving its base area.

The long-term trend in skier visits has been adjusted to reflect the past season and shows a historic annual growth rate of 8.6 percent (1977/78-1987/88) and a projected annual increase of 5.2 percent.

British Columbia continues to improve its market share of skiers in western Canada and the Pacific Northwest. The following table shows the changes in recorded skier days in the neighboring province and states from 1977/78 to 1987/88.

ESTIMATED ANNUAL SKIER VISITS

Year	British Columbia	Alberta	Washington	Montana	Oregon
77/78	1,319,703		1,833,532	750,900	963,303
78/79	1,526,554	1,135,892	1,515,077	705,000	975,334
79/80	1,793,297	1,368,143	1,531,437	718,300	1,194,614
80/81	1,341,632	1,257,870	604,128	522,900	871,637
81/82	2,341,439	1,325,923	1,513,523	751,900	1,261,968
82/83	2,419,969	1,105,199	1,332,399	779,700	1,228,620
83/84	2,391,710	1,089,080	1,354,303	758,441	1,220,405
84/85	2,716,799	1,426,069	1,726,221	799,852	1,224,457
85/86	2,333,794	1,566,037	1,457,637	642,620	1,025,799
86/87	2,682,567	1,696,119	1,699,025	760,200	1,383,495
87/88	3,295,140	1,550,131	1,927,783	772,145	1,408,192

The average ski season length reported this year was 125 days, down from 134 days last year and 143 days two years ago. This results in part from two coast areas operating on a four-day week, closing for the other days. Capacity increased over 20,000 skiers per day, an increase of 28 percent, and is reported at 90,914 skiers daily. Utilization was also up to 27.6 percent from 26 percent last season, reflecting the significant increase in skier days.

Gross revenues and ski lift revenues were also improved over the past season. Gross revenues for the mountain resorts were reported at $83,871,000 (up 31 percent), compared to $63,180,000 last year. Lift revenues increased 25 percent to more than $46,627,000. However, volume expanded at a greater rate than revenues and as a result gross revenue per skier visit ($23.07) was down as was lift revenue per skier visit ($13.02) from the previous season.

Employment growth is another bright spot with 833 (776 last year) full-time employees, 3,052 (2,644) full-time winter staff, and 1,119 (1,091) part-time staff reported.

Heliskiing and Snowcat Operations

Heliskiing and snowcat operations had a good season with a 12 percent increase in skier volumes. Ten operations reported over 45,000 skier days and gross revenues of more than $18,500,000. The average revenue per skier day is estimated to be more than $400. The season was 96 days long, somewhat longer than the average of 90 days. Operators reported 2,000 rental beds and an average occupancy of 84 percent. New investments of $1,030,000 are under way within the existing areas.

Cross Country Ski Areas

The commercial cross country ski areas had a very good year in 1988 as well, reporting over 140,000 skier days. This is a 28 percent increase over last season. Eighteen operators supplied information for this report, including resorts charging a track fee for skiing or offering commercial skiing services to the skier.

PREFACE

The Business Research Division is pleased to present another edition of the NSAA Economic Analysis of North American Ski Areas in its tourism and recreation report series. The reader will find this study, covering the 1987-88 season, has followed the format of the previous reports for ease in comparison including the new feature which was added last year presenting some regional data on western Canada.

The 1987-88 ski season produced a relatively flat performance. While skier visits rose to a new record high of 53.9 million, this was only slightly above the 53.7 million recorded in the 1986-87 season. Readers are urged to utilize the 1987-88 data in conjunction with previous studies to obtain a realistic picture of the industry over time.

The Economic Study Committee again asked the ski areas to identify themselves on the questionnaire, which made it possible to have a more efficient follow-up. Calls to areas for small bits of missing financial data enabled us to utilize the majority of the questionnaires, compute ratios, and do other types of analysis, which are not possible when any key data elements are missing. Also, only areas that provided 12-month financial data were included so comparisons would be as meaningful and consistent as possible. The survey response resulted in 138 areas providing complete financial data.

Any comments, questions or suggestions for improvement of the survey should be directed to Charles R. Goeldner, Business Research Division, University of Colorado, Campus Box 420, Boulder, Colorado 80309, or Gary Mielke, Steamboat Ski Corporation, 2305 Mt. Werner Circle, Steamboat Springs, Colorado 80487.

ACKNOWLEDGMENTS

This study would not have been possible without the help of many parties. Acknowledgment is made to the NSAA Economic Study Committee: Gary Mielke, Steamboat Ski Corporation, Chairman; Bob Ashton, Waterville Valley; Curtis Bender, Colorado Mountain College; Mel Borgersen, Pacific Northwest Ski Areas Association; David L. Carto, Snow Trails; Chris Diamond, Mount Snow; Ted Farwell, Ted Farwell and Associates; Ken Hammerly, Sno-engineering; Marvin Kottke, University of Connecticut; Richard Linke, Alpine Meadows of Tahoe; George McKay, British Columbia Ministry of Industry and Small Business Development; Larry Schumaker, Winter Park; Barbara Vedder, Ski Roundtop; and Jo Anne Cardaropoli, NSAA; for their assistance with the development of the survey and its subsequent analysis. While all contributed, special mention goes to Cal Conniff for handling administrative details.

Special thanks go to Paul Mathews, Ecosign, Whistler, British Columbia, for his efforts in again raising participation from western Canada areas to record levels.

A special tribute goes to Tom Buchman and Cindy Guernsey for their efforts in preparing the report. Many thanks go to Gin Hayden, Nancy Cress, and Dennis Yannutz of the Business Research Division staff for their efforts in making computer runs, constructing tables, typing, and printing against extremely tight deadlines.

Finally, our thanks go to the 138 ski area operators who furnished complete financial data, for without their participation the study would not exist.

C. R. Goeldner
Business Research Division

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I

INTRODUCTION

This economic analysis of the ski industry represents the twentieth survey of the National Ski Areas Association (NSAA) members. Historically the first study was conducted by Sno-engineering, Inc. and reported data for the 1965-66 and 1966-67 seasons. It was followed by the Case and Company study which covered the 1967-68 season. These studies were followed by three United Bank of Denver studies covering the 1970-71, 1971-72, and 1972-73 seasons. In 1974 the Business Research Division, University of Colorado, was assigned responsibility for the study and produced the sixth through the nineteenth studies covering the 1973-74 through 1986-87 seasons. Consequently, this report focusing on the 1987-88 season represents the twentieth effort. The survey was conducted by the Business Research Division in cooperation with the Economic Study Committee of NSAA.

Purpose and Objectives

The purpose of the annual survey is to measure and describe ski industry physical and economic characteristics; to create financial yardsticks and economic ratios having a bearing on health, growth and profitability; and to present a picture of the financial performance of the ski industry.

Specific objectives are:

1. To allow ski area operators and others to examine the performance of the industry for the 1987-88 season.
2. To allow individual ski areas to compare their performance to appropriate industry norms and benefit from the experience of others.
3. To improve understanding of ski area economics.
4. To provide a historical perspective.
5. To assist in the planning process.

Methodology

The methodology utilized in the study was the mail survey method. A questionnaire was distributed to both NSAA member and non-member ski areas in July 1988. Follow-up action included additional mailings and telephone calls from Economic Study Committee members and the

Business Research Division staff. Assistance was also provided by NSAA headquarters and regional ski area associations in an effort to gain cooperation and participation.

The questionnaire contained 17 questions concerning various factual characteristics; one open-end question; and itemized requests for revenue, expense, profit (loss) and balance sheet data pertaining to the 1987-88 ski season. A copy of the questionnaire is contained in Appendix B.

Completed questionnaires were coded, key-punched and summarized using the Statistical Package for the Social Sciences (SPSS) program on the University of Colorado's Cyber 172. In cases where tables in the report do not add to 100 percent, it is due to rounding.

Sample Response and Validity

The survey contained information on both area characteristics and financial data. Table 1 shows the geographic breakdown of the 138 areas furnishing complete data.

TABLE 1

GEOGRAPHIC LOCATION OF RESPONDENTS

	Number		Number
New England		Central Rockies	
Maine	3	Arizona	2
Massachusetts	4	Colorado	14
New Hampshire	8	New Mexico	3
Vermont	6		19
Quebec, Canada	5	Northern Rockies	
New Brunswick, Canada	1	Idaho	2
	27	Montana	3
East		Utah	5
New York	4	Wyoming	3
North Carolina	3		13
Pennsylvania	8	California and Nevada	
West Virginia	2	California	14
Ontario, Canada	1	Nevada	4
	18		18
Midwest		Pacific Northwest	
Illinois	2	Alaska	1
Indiana	1	Oregon	5
Iowa	1	Washington	5
Michigan	4		11
Ohio	2	Western Canada	
Wisconsin	2	Alberta	8
	12	British Columbia	12
			20

Usable responses were obtained from 138 ski areas. The 138 areas providing complete financial data represent an increase from the 1986-87 study, which included 134 ski areas. Table 2 compares the VTF/Hour of our respondents to the total VTF/hour of the regions.

TABLE 2

SAMPLE RESPONSE BY CAPACITY[a]
(000)

Region	Total VTF/Hour	Sample VTF/Hour	Percent Response
New England	399,957	242,109	60.5%
East	291,121	76,950	26.4
Midwest	151,340	21,912	14.5
Rockies	641,506	331,070	51.6
West	486,255	298,979	61.5
	1,970,179	971,020	49.3%

[a] Western Canada has been excluded from this tabulation.

Table 3 provides a measure of the representativeness of the 1987-88 study response by comparing capacity represented with the 1986-87 responses. The 134 ski areas with complete financial data in the 1986-87 study reported 987,009,000 VTF/hour and represented some 53 percent of total. The 1987-88 response represents 1,069,380,000 VTF/hour, about 50 percent of total capacity.

TABLE 3

CHANGE IN EFFECTIVE RESPONSE
1987-88 VS. 1986-87
(000)

Region	1987-88 (VTF/Hour)	1986-87 (VTF/Hour)	Percent Change
New England	242,109	169,222	43.1%
East	76,950	70,918	8.5
Midwest	21,912	21,864	0.2
Rockies	331,070	324,519	2.0
West & Canada	397,339	400,486	(0.8)
	1,069,380	987,009	8.4%

Limitations

The most important limitation is that the study does not include all ski areas. While a response by ski areas containing some 49.3 percent of the uphill skier capacity (excluding Western Canada) is excellent, it may or may not be representative of the industry. Therefore, the data can accurately be interpreted as applying to only the 138 areas that responded. These areas are listed in Appendix A.

The authors believe that response was good due in large part to the acceptance of the past studies, follow-up efforts, and increased awareness of the practical value of the data. Nonrespondents, however, could be weighted heavily by loss operations or by small operators who do not have a great interest in the study.

How to Use the Study

An understanding of the terms is essential to a proper understanding of the report. Definitions are included in Appendix C and the reader is urged to familiarize himself with these specifics prior to delving into the report.

Individual ski areas will benefit from conducting a comparative analysis. Most tables contain a column where ski areas may insert the data supplied on their questionnaires and relate their experience to the appropriate average figures. First, fill in your figures. Second, compute your critical financial ratios. Third, complete proportional analyses (percentages) based on both total revenue and gross fixed assets. Finally, with these measures compared to one or more of the appropriate geographic, size or profitability breakdowns, analyze your strengths and weaknesses. In general, concentrate on areas where your operations differ significantly from the averages.

A significant difference need not dictate a change; however, it does flag an area that requires your attention to either adequately rationalize the departure from the norm or to focus on methods of reducing the expense, increasing the revenue, or increasing the utilization.

Organization

The report is divided into ten chapters. General ski industry characteristics and trends over the past studies are contained in Chapter II. Ski area financial performance is covered in Chapter III. Chapter IV deals with the critical financial ratios. The details of profitability are discussed in Chapter V. Chapter VI discusses the various departments, their contribution and employment. Regional characteristics and differences are discussed in Chapter VII, while Chapter VIII contains a description of the industry broken down by type (day, weekend, vacation and weekend only), size and days of operation. Chapter IX discusses the characteristics of ski areas with snowmaking and those with night operations. Chapter X concludes the study by presenting the results of the open-end question dealing with 1987-88 season highlights.

The report contains four appendices. Appendix A lists the ski areas that responded to the survey, Appendix B presents the questionnaire used, Appendix C defines the terms used in the study, and Appendix D lists the members of the NSAA Economic Study Committee.

II

SKI INDUSTRY CHARACTERISTICS

Ski areas were asked 17 questions concerning factual characteristics about their operation. These characteristics are summarized in Table 4. Similar tables summarize these significant parameters by various geographic locations, size, profitability, type, days of operation, snowmaking, and night operation breakdowns in subsequent chapters.

The purpose of gathering this information was to examine industry characteristics and explore similarities and differences in an attempt to develop parameters to describe success or failure. Significant findings are discussed in this chapter.

VTF/Hour

The average ski area contained 7,749,000 vertical transport feet per hour of uphill capacity, capable of comfortably handling crowds of 5,166 skiers. Average VTF/hour was up 5.2 percent from the areas responding last year. Figures shown in Table 2 (page 3) were developed from the 27th Annual Survey of New Lifts (*Ski Area Management*, January 1988) and indicate a growth of 100,390,000 VTF/hour, an increase of 5.4 percent over the VTF/hour in 1986-87.

Table 5 contains a comparison with previous studies. Ski areas in the 1987-88 study varied in size from a low of 292,000 VTF/hour to a high of 51,826,000 VTF/hour.

Gross Fixed Assets (GFA)

Size is also measured in Gross Fixed Assets, the total undepreciated cost to create the ski area. Average GFA is $11,757,000 representing an average cost of $2,276 for each skier accommodated daily. (Defined in the economic ratio section as the Capital Cost/Capacity Ratio.) The smallest ski area responding had GFA of $307,000 while the largest had $72,041,000.

Type

One descriptive method of differentiating ski areas is by markets. Most areas serve a specific functional market while a number will serve more than one. Areas were asked to classify themselves

TABLE 4

AVERAGE SKI AREA CHARACTERISTICS

	1987-88	1986-87	1985-86	1984-85	1983-84	USFS Permittees 1987-88
SIZE						
VTF/Hour (000)	7,749	7,366	7,229	6,901	6,973	10,928
Gross Fixed Assets (000)	$11,757	$10,976	$10,488	$9,848	$9,103	$14,505
Skiable Acres	654	639	630	595	582	1,148
Total Acres	1,873	1,752	1,637	1,652	-	2,533
LOCATION						
Within 50 Miles of SMSA	40%	37%	35%	37%	31%	33%
With 6+ Areas in 1 Hour	30%	26%	28%	32%	28%	33%
New England	20%	15%	19%	20%	18%	9%
East	13%	13%	15%	14%	16%	0%
Midwest	8%	9%	12%	13%	12%	2%
Rockies	23%	26%	24%	27%	29%	46%
West	21%	20%	29%	27%	26%	44%
Western Canada	15%	16%				0%
SITE CHARACTERISTICS						
Number of Beds at Base[a]	1,989	1,875	1,892	1,277	1,336	3,371
Number of Beds (10 Miles)[a]	4,891	4,158	4,081	4,072	4,214	6,835
With Snowmaking	70%	67%	69%	72%	73%	58%
With a Night Operation	51%	44%	42%	41%	38%	33%
Terrain: Beginner	25%	25%	25%	25%	25%	22%
Intermediate	49%	48%	49%	49%	49%	48%
Expert	27%	27%	26%	26%	26%	30%
BUSINESS CHARACTERISTICS						
Operating With USFS Permit	41%	45%	52%	53%	49%	100%
Engaged in Land Development	42%	40%	43%	39%	34%	28%

TABLE 4 (Continued)

AVERAGE SKI AREA CHARACTERISTICS

	1987-88	1986-87	1985-86	1984-85	1983-84	USFS Permittees 1987-88
OPERATIONAL CHARACTERISTICS						
Average Days/Nights of Operation	127	125	129	128	133	126
Average Peak Day Crowd	5,057	4,540	4,696	4,814	4,466	6,300
Average Skier Visits (000)	224	210	218	219	214	293
Average Age of Ski Areas	29 years	28 years	27 years	26 years	26 years	31 years
ECONOMIC CHARACTERISTICS						
Average Revenue/Skier Visit	$20.73	$19.04	$18.71	$17.01	$15.73	$21.31
Average Lift Ticket Revenue/Skier Visit	$17.09	$15.89	$15.68	$14.45	$13.61	$17.82
Average Adult Lift Ticket Price:						
Weekend	$23.36	$21.51	$20.37	$18.68	$17.55	$23.10
Weekday	$20.93	$19.80	$18.26	$17.15	$15.97	$21.57
Average Night Ticket Price						
Weekend	$13.34	$12.75	$11.46	$10.74	$ 9.62	$11.32
Weekday	$12.75	$11.99	$11.23	$10.21	$ 8.97	$10.76
Average Adult Season Ticket Price	$ 427	$ 382	$ 385	$ 369	$ 349	$ 480
Average Utilization	33%	33%	34%	37%	35%	30%
Average Profit (Loss) Before Tax (000)	$ 368	$ 120	$ 105	$ 296	$ 290	$ 212
Ratio: Revenue/GFA	43%	40%	42%	43%	43%	46%
Base	(138)	(134)	(124)	(117)	(113)	(57)

[a] Starting in 1985-86, this is the average for the areas having beds.

TABLE 5

VTF/HOUR CAPACITY

VTF/Hour (000)	1987-88 Number of Areas	%	1986-87 Number of Areas	%	1985-86 Number of Areas	%
Under 2,500	30	21.7%	29	21.6%	29	23.4%
2,500 - 3,999	20	14.5%	22	16.4	20	16.1
4,000 - 5,499	21	15.2	22	16.4	24	19.4
5,500 - 9,999	34	24.6	32	23.9	24	19.4
10,000 and Over	33	23.9	29	21.6	27	21.8
	138	99.9%	134	99.9%	124	100.1%

as "day," "weekend," or "vacation" types. There were 79 day areas, 27 weekend, and 32 vacation areas reporting. Classification as a day area is the largest in the East and Midwest, while vacation areas dominate in the Rockies. A higher proportion of the smaller areas are day oriented while the larger are vacation destinations.

Acreage

The average ski area contains 654 acres of developed ski slopes and trails. Currently these 654 acres support crowds of 5,166 skiers, creating an average density of 7.9/acre. Ski areas in the East and Ontario region accommodate skiers at the average density of 23.6/acre, and New England areas at 27.0/acre, while the Western areas vary from 4.0/acre to 11.6/acre. Table 6 summarizes this data.

This year, for the fifth time, the questionnaire contained a question about total ski area size. The average size is 1,873 acres, the smallest area contained 5 acres and the largest 14,000 acres. Last year the average size was 1,752 acres, the smallest area contained 12 acres and the largest 14,000 acres.

TABLE 6

SKI AREA ACREAGE AND CAPACITY

	Base	Average Skiable Acres	Calculated Capacity (Skiers)	Average Density (Skiers/Acre)
Total Sample	(138)	654	5,166	7.9
USFS Permittees	(57)	1,148	7,285	6.3
By Profitability				
Top Half	(58)	795	6,190	7.8
Bottom Half	(56)	550	4,155	7.6
Loss	(24)	558	5,052	9.1
By Geographic Region				
New England	(27)	221	5,978	27.0
East and Ontario	(18)	121	2,850	23.6
Midwest	(12)	75	1,217	16.2
Central Rockies	(19)	727	8,434	11.6
Northern Rockies	(13)	1,174	4,651	4.0
California and Nevada	(18)	1,404	7,849	5.6
Pacific Northwest	(11)	1,554	5,276	3.4
Western Canada	(20)	492	3,278	6.7
By Type				
Day	(79)	449	3,093	6.9
Weekend	(27)	697	6,205	8.9
Vacation	(32)	1,126	9,408	8.4
Snowmaking Areas				
New England	(27)	221	5,978	27.1
East and Midwest	(29)	104	2,234	21.4
Rockies and West	(40)	961	7,513	7.8

Location

Geographic Location

Tables 1 and 2 illustrate the geographic dispersion of ski areas responding across the nation. Table 7 shows the proportion of the sample areas by VTF/hour. For example 22.6 percent of the VTF/hour represented in the sample was located in New England.

TABLE 7

LOCATION OF SKI AREAS

Region	VTF/Hour (000)	%
New England	242,109	22.6%
East	76,950	7.2
Midwest	21,912	2.0
Rockies	331,070	31.0
West	298,979	28.0
Western Canada	98,360	9.2
	1,069,380	100.0%

Proximity to Metropolitan Areas

Travel is a critical variable to the success of ski areas. With the nation-wide speed limit of 55 miles per hour, except in rural areas, and a general limit on time for day and weekend outings, proximity to markets has become more important in the 1980s. Table 8 illustrates this critical relationship.

TABLE 8

PROXIMITY TO METROPOLITAN AREAS (SMSAs)

Miles to Nearest SMSA	Total Sample		Day	Weekend	Vacation
	Number	%	%	%	%
0 - 24 miles	28	20.3%	30.4%	7.4%	6.3%
25 - 49 miles	27	19.6	20.3	25.9	12.5
50 - 74 miles	25	18.1	17.7	22.2	15.6
75 - 99 miles	25	18.1	15.2	18.5	25.0
100+ miles	33	23.9	16.5	25.9	40.6
No response	0	-	-	-	-
	138	100.0%	100.1%	99.9%	100.0%

Note that 68 percent of the day areas are within commuting distance (75 miles) while a high proportion of the weekend areas require 2 or more hours of driving. Vacation destinations are typically in more remote locations where snow conditions are maximized, because with stays of 7 to 10 days, proximity is not critical.

Proximity to Other Ski Areas

Ski areas tend to be clustered near each other geographically. Part of this trend is due to natural conditions required, the terrain, snow conditions and climate. Part may be conditioned by the existence of regional airports, interstate highway access and the observed behavior of skiers who seek destinations where they may find a variety of skiing experiences. Table 9 illustrates the extent of this clustering.

TABLE 9

PROXIMITY OF COMPETITIVE AREAS

Number of Areas Within 1 Hour Drive	Total Sample Number	Total Sample %	Profitability: Top Profit %	Profitability: Bottom Profit %	Profitability: Loss %
None	25	18.1%	19.0%	17.9%	16.7%
1	24	17.4	17.2	16.1	20.8
2 - 3	27	19.6	15.5	26.8	12.5
4 - 5	21	15.2	12.1	21.4	8.3
6+	41	29.7	36.2	17.9	41.7
No response	0	-	-	-	-
	138	100.0%	100.0%	100.0%	100.0%

As previous studies have shown, the highest profitability tends to occur where the greatest clustering seems to create a more attractive package.

Site Characteristics

Lodging Facilities

Ski areas reported lodging capacity both in terms of beds at the base area and within 10 miles. Table 10 summarizes this data. The number of beds at the base ranged from 12 to 35,000.

TABLE 10

SKI AREA LODGING CAPACITY

Number of Beds	At Base Number	At Base %	Within 10 Miles Number	Within 10 Miles %
None	60	43.5%	19	13.8%
1 - 149	15	10.9	9	6.5
150 - 299	11	8.0	9	6.5
300 - 599	12	8.7	14	10.1
600 - 1,199	16	11.6	19	13.8
1,200 - 9,999	21	15.2	52	37.7
10,000+	3	2.2	16	11.6
	138	100.1%	138	100.0%

Ski areas with a large number of beds both at the base and within 10 miles continued to enjoy higher utilization and better profitability.

Snowmaking

Snowmaking capability exists at 70 percent of the respondent areas. For areas with snowmaking, the average coverage was 114 acres (up slightly from 105 acres in 1986-87) and average operation was 1,148 hours in 1987-88, up from the 973 hours last year.

Terrain

In general, 49 percent of the slopes and trails at ski areas responding are classified intermediate (or more difficult in standard NSAA terminology), while 25 percent are beginner (easiest) and 27 percent expert (most difficult).

Business Characteristics

Site Ownership

Thirty-nine percent of the areas responding are all on private land while 61 percent of the areas responding operate on public land. Forty-one percent are under permit from the U.S. Forest Service, while 12 percent lease state land, and 4 percent other public land. The average USFS permittee reports 79.4 percent of slope transport feet on leased land.

Table 11 illustrates the general pattern of site ownership. As would be expected, land ownership is closely associated with geographic location. Areas located wholly on private land are generally found in the East and Midwest, while areas located partially or wholly on public lands are located in the Rockies or the West.

TABLE 11

SITE OWNERSHIP

Ownership	Total Sample	New England	East	Midwest	Rockies	West
All Private	39.1%	55.6%	94.4%	91.7%	12.5%	14.3%
Public USFS Permit	41.3	18.5	0.0	8.3	81.3	51.0
State Land Lease	12.3	22.2	5.6	0.0	3.1	18.4
Canadian Lease	2.9	0.0	0.0	0.0	0.0	8.2
Other	4.3	3.7	0.0	0.0	3.1	8.2
	99.9%	100.0%	100.0%	100.0%	100.0%	100.1%
Base	(138)	(27)	(18)	(12)	(32)	(49)

Real Estate Operations

Fifty-eight ski areas (42 percent) responding are engaged in some land development. Interestingly, a larger proportion of eastern areas than western areas report land development activity. See Table 12 and Table 53.

TABLE 12

REAL ESTATE OPERATIONS

	1987-88		1986-87	1985-86
	Number	%	%	%
Engaged in Land Development	58	42.0%	39.6%	42.7%
First Home Residential Sites	21	15.2	17.9	18.5
First Homes	10	7.2	7.5	8.9
Second Home Residential Sites	34	24.6	26.9	25.8
Second Homes	18	13.0	11.2	11.3
Condominium Sites	31	22.5	24.6	28.2
Condominiums	40	29.0	23.9	23.4
Commercial Sites	25	18.1	14.9	16.9
Commercial Buildings	12	8.7	9.0	8.9
Not Engaged in Land Development	80	58.0	60.4	57.3
Base	(138)		(134)	(124)

Operational Characteristics

Years in Operation

The average ski area respondent has been operating for 29 years. Table 13 summarizes ski area age. Four new areas (2.9 percent) have opened within the last five years.

TABLE 13

NUMBER OF YEARS SKI AREAS HAVE BEEN IN OPERATION

Years of Operation	1987-88 Number	1987-88 %	1986-87 Number	1986-87 %	1985-86 Number	1985-86 %
1 - 5 years	4	2.9%	3	2.2%	4	3.2%
6 - 10 years	8	5.8	7	5.2	5	4.0
11 - 15 years	8	5.8	15	11.2	13	10.5
16 - 20 years	16	11.6	7	5.2	12	9.7
21 - 25 years	23	16.7	29	21.6	31	25.0
26 - 30 years	29	21.0	26	19.4	18	14.5
31 - 35 years	12	8.7	13	9.7	9	7.3
36 - 40 years	9	6.5	11	8.2	10	8.1
Over 40 years	29	21.0	23	17.2	22	17.7
	138	100.0%	134	99.9%	124	100.0%

Length of Season

The length of the ski season is generally expressed in number of days/nights of operations and is one of the most critical variables in the success of ski areas. When so high a proportion of costs are fixed (i.e., depreciation, interest, property taxes, and management take some 30 percent of total costs) the longer the season the more opportunity to spread these over a greater revenue base.

The 1976-77 survey contained an upgrading of this vital statistic. Respondents were asked to provide their summary of daily operation in four categories: number of days at full operation, number of days with less than full but more than one-half of your mountain open and skiable, number of days with less than half of your mountain open and skiable, and the number of nights of operation. These breakdowns allowed the calculation of "equivalent" days of operation by weighting each response. Equivalent days of operation is the best estimate of the number of equivalent days that the ski area was fully open and skiable, a more accurate measure of capacity.

The past surveys contained an added adjustment to allow for the generally smaller night operations. Nights of operation are affected by the proportion of the ski area covered by lights and thus open for night skiing. In general, those ski areas with night skiing (51 percent) report night skiing capacity at 52 percent of day capacity. This is calculated by taking the average night capacity of 1,764 from Table 90 and dividing it by the skier capacity of 3,366 from Table 83. Thus, while the average ski area with lights was open 71 nights, this amounts to only 18.8 "equivalent days/nights" of full capacity operation.

Table 14 summarizes the various results. Table 15 illustrates the wide variation in actual equivalent operating days. The average ski area had an equivalent season that was 102 percent of actual days open (127 days divided by 125 days).

TABLE 14

DAYS/NIGHTS OF OPERATION

	Equivalent 1987-88		Equivalent 1986-87		Equivalent 1985-86	
	Number	%	Number	%	Number	%
Less than 80	11	8.0%	13	9.7%	11	8.9%
80 - 99	27	19.5	21	15.7	14	11.3
100 - 119	22	15.9	24	17.9	25	20.2
120 - 139	39	28.3	33	24.6	29	23.4
140 - 159	12	8.7	21	15.7	24	19.4
160 and Over	27	19.6	22	16.4	21	16.9
Base	138	100.0%	134	100.0%	124	100.1%

Again, length of season is somewhat positively correlated with profitability as the top half of the profitable areas had a season, based on equivalent days, that was 29 percent greater than the loss areas. Pacific Northwest ski areas again had the longest season, averaging 148 equivalent days/nights (up from last year's 141 days/nights), while the Central Rockies areas had the shortest, 114 days/nights. All regions had an increase except the New England areas and the Rockies areas.

TABLE 15

ACTUAL VS. EQUIVALENT DAYS OF OPERATIONS

	Equivalent Days/Nights[a] of Full Operation	Days of Full Operation (100%)	Days of More Than Half (75%)	Days of Less Than Half (25%)	Total Actual Days Open
Average Ski Area	127	82	27	16	125
USFS Permittees	126	93	27	14	134
Profitability:					
Top	135	86	28	20	134
Bottom	128	80	25	15	120
Loss	105	76	26	9	112
Location:					
New England	129	77	28	28	132
East and Ontario	123	62	28	16	106
Midwest	130	66	16	12	94
Central Rockies	114	75	42	20	138
Northern Rockies	119	100	16	10	125
California/Nevada	118	95	20	8	123
Pacific Northwest	148	96	29	13	137
Western Canada	140	93	27	12	131
Type:					
Day	124	75	24	13	112
Weekend	137	87	28	21	136
Vacation	126	94	31	19	144

[a] This figure is the sum of days, open at various capacities, plus equivalent nights of operation.

Ski Area Capacity

The calculation of ski area capacity is a matter of judgment. The 1975-76 study attempted to establish capacity parameters in several ways in order to test various concepts. This procedure has been used in all surveys since. Total lift VTF/hour is used. Ski area operators were also asked to provide their peak day crowd count plus their estimate of their "comfortable" crowd.

The results are tabulated in Table 16. The "calculated capacity" column is based on an assumed average hourly demand in VTF/hour.

As was done last year, this year an approximated demand of 1,500 VTF/hour was used for all areas.

TABLE 16

MEASURES OF SKI AREA CAPACITY

	Peak Day Crowd	Comfortable Crowd	Calculated Capacity	Peak Crowd	Comfortable Crowd
				As % of Calculated Capacity	
Total Sample	5,057	4,772	5,166	98%	92%
USFS Permittees	6,300	6,083	7,285	86	84
Profitability:					
Top	6,192	5,859	6,190	100	95
Bottom	4,432	4,031	4,155	107	97
Loss	3,774	3,877	5,052	75	77
Location:					
New England	5,625	4,972	5,978	94	83
East	5,225	4,149	2,850	183	146
Midwest	2,343	2,053	1,217	193	169
Central Rockies	6,789	6,889	8,434	80	82
Northern Rockies	3,667	4,091	4,651	79	88
California/Nevada	6,415	6,558	7,849	82	84
Pacific Northwest	6,250	5,707	5,276	118	108
Western Canada	3,147	3,006	3,278	96	92
Type:					
Day	3,666	3,268	3,093	119	106
Weekend	6,099	6,124	6,205	98	97
Vacation	7,612	7,347	9,408	81	78

An analysis of Table 16 indicates that these assumptions are in general harmony with ski area operator estimates.

The calculated figures have been used in this study to compute season capacity and determine utilization. The average peak day crowds are 98 percent of calculated capacity. The ski area operators' estimated comfortable capacity is 92 percent of calculated capacity.

Skier Visits

Skier visits is the physical measure of use. Table 17 summarizes skier visits reported over the past four ski seasons.

TABLE 17

SKIER VISITS/SEASON

Skier Visits (000)	1987-88 Number	1987-88 %	1986-87 %	1985-86 %	1984-85 %
0 - 24.9	4	2.9%	4.5%	4.0%	4.3%
25 - 49.9	11	8.0	9.0	11.3	6.8
50 - 99.9	26	18.8	18.7	20.2	19.7
100 - 199.9	46	33.3	32.1	31.5	35.9
200 - 499.9	37	26.8	27.6	25.0	23.9
500+	14	10.1	8.2	8.1	9.4
	138	99.9%	100.1%	100.1%	100.0%
Average Skier Visits (000)	224		210	218	219

Growth

The last eleven surveys contain a measure of growth. For the twelfth time, the respondents were asked for their skier visit count over the past five years. This year, for the sixth time, respondents were asked for a separate count of day and night skiers. The first part of Table 18 gives the total skier visits (both day and night) reported by the 138 respondents broken down by categories. The second part of the table gives day skier visits and the third part night skier visits for those areas who could provide this breakout.

TABLE 18

GROWTH IN USAGE

		Skier Visits[a]				
	Base	1987-88 (000)	1986-87 (000)	1985-86 (000)	1984-85 (000)	1983-84 (000)
		Total				
Total Sample	(138)	224	215	205	202	195
USFS Permittees	(57)	293	281	279	289	264
By Profitability:						
Top Half	(58)	286	264	250	238	234
Bottom Half	(56)	181	181	167	171	159
Loss	(24)	174	174	178	183	177
By Geographic Region:						
New England	(27)	269	264	219	192	193
East	(18)	196	193	174	144	166
Midwest	(12)	66	60	66	56	60
Central Rockies	(19)	345	362	339	337	321
Northern Rockies	(13)	164	161	146	160	153
California/Nevada	(18)	279	228	297	332	290
Pacific Northwest	(11)	244	240	189	220	189
Western Canada	(20)	147	138	134	128	121
By Type:						
Day	(79)	141	135	125	130	120
Weekend	(27)	274	248	244	236	224
Vacation	(32)	386	382	364	342	340

TABLE 18 (Continued)

GROWTH IN USAGE

		Skier Visits[a]				
	Base	1987-88 (000)	1986-87 (000)	1985-86 (000)	1984-85 (000)	1983-84 (000)
		Day				
Total Sample	(138)	213	206	198	196	192
USFS Permittees	(57)	286	274	274	282	262
By Profitability:						
Top Half	(56)	269	248	238	228	224
Bottom Half	(52)	173	175	163	166	158
Loss	(23)	171	172	178	182	176
By Geographic Region:						
New England	(27)	239	242	205	182	181
East	(17)	159	159	142	117	138
Midwest	(10)	48	44	48	39	40
Central Rockies	(19)	344	362	339	337	321
Northern Rockies	(13)	158	156	141	154	147
California/Nevada	(17)	282	228	304	337	315
Pacific Northwest	(11)	210	207	163	190	161
Western Canada	(17)	153	143	142	140	139
By Type:						
Day	(79)	123	118	111	119	110
Weekend	(26)	257	231	231	217	204
Vacation	(31)	393	389	371	349	347
		Night				
Total Sample	(63)	39	39	34	32	34
USFS Permittees	(18)	30	33	26	33	33
By Profitability:						
Top Half	(27)	51	48	40	36	36
Bottom Half	(28)	34	37	33	34	39
Loss	(8)	15	15	13	9	13
By Geographic Region:						
New England	(12)	67	68	51	44	46
East	(14)	57	54	50	41	45
Midwest	(9)	20	20	20	18	18
Central Rockies	(2)	6	3	0	0	0
Northern Rockies	(5)	17	16	16	21	20
California/Nevada	(5)	18	20	15	26	24
Pacific Northwest	(9)	41	40	32	37	38
Western Canada	(7)	16	15	14	7	6
By Type:						
Day	(43)	40	39	34	33	36
Weekend	(16)	41	45	38	34	36
Vacation	(4)	18	18	15	11	12

[a] Day Skier Visits plus Night Skier Visits will not equal the Total Skier Visits because not all areas provided a day/night breakdown. Night skier visits are only for those areas operating at night who could provide break between day and night skier visits.

The average area in Table 18 reported an increase of 7 percent in skier visits in 1987-88.

All geographic regions reported an increase in skier visits except the Rockies, which reported a decline.

Economic Characteristics

Ski Lift Prices

Respondents were asked to list their adult weekday and weekend all day lift ticket prices. These are typically the highest prices quoted because there are discounts for students, children, military, 3, 5 and 7 day packages, promotions, races and senior citizens. Respondents also provided weekday and weekend night ticket prices and season pass rates. Table 19 summarizes these prices and compares prices with actual average lift ticket revenue per skier visit.

TABLE 19

SKI LIFT TICKET PRICES AND
AVERAGE LIFT TICKET REVENUE/SKIER VISIT

	1987-88	1986-87	1985-86	1984-85
Ski Lift Ticket Price:				
Day Weekend	$23.36	$21.51	$20.37	$18.68
Day Weekday	20.93	19.80	18.26	17.15
Night Weekend	13.34	12.75	11.46	10.74
Night Weekday	12.75	11.99	11.23	10.21
Season Pass	427.27	382.42	384.94	368.62
Average Ski Lift Ticket Revenue/S-V	17.09	15.89	15.68	14.45
Realized Revenue Vs. Weekend Day Price	73.2%	73.9%	77.0%	77.4%

Table 20 illustrates the range of ski lift ticket prices. Prices ranged from a low of $10.00 to a high of $50.00. Seventy-five percent of the ski areas responding charged $20 or more for their adult weekend lift tickets.

TABLE 20

ADULT, ALL DAY WEEKEND, SKI LIFT TICKET PRICES

Ticket Price	1987-88 Number	1987-88 %	1986-87 %	1985-86 %	1984-85 %	1983-84 %
Less than $10	0	- %	- %	- %	- %	- %
$10.00 - 11.99	1	0.7	-	1.6	0.9	4.4
$12.00 - 13.99	2	1.4	2.2	2.4	6.0	6.2
$14.00 - 15.99	5	3.6	8.9	10.5	14.5	17.7
$16.00 - 17.99	15	10.9	10.4	12.1	20.5	24.8
$18.00 - 19.99	12	8.7	17.2	18.5	17.1	15.9
$20.00 - 21.99	23	16.7	12.7	13.7	18.8	18.6
$22.00 - 23.99	10	7.2	11.9	14.5	10.3	7.1
$24.00 - 25.99	17	12.3	15.7	13.7	6.0	5.3
$26.00 - 27.99	23	16.7	11.2	8.9	3.4	
$28.00 - 29.99	13	9.4	6.0	4.0	2.6	
$30.00 - 31.99	7	5.1	3.0			
$32.00 - 33.99	9	6.5	0.7			
Over $34.00	1	0.7				
	138	99.9%	99.9%	99.9%	100.1%	100.0%

Profits

Ninety-seven (70 percent) of the 138 ski areas reported profits in 1987-88 compared to 62 percent in 1986-87. Chapter V provides a complete analysis of profitability and its probable causes. Table 21 summarizes dollar returns.

TABLE 21

DOLLARS OF PROFIT (BEFORE TAX)

Profit (000)	1987-88 Number	1987-88 %	1986-87 %	1985-86 %	1984-85 %	1983-84 %
Loss	41	29.7%	38.1%	41.9%	34.2%	36.3%
$0 - 24.9	6	4.3	1.5	4.0	6.8	4.4
$25 - 49.9	6	4.3	3.0	4.8	1.7	0.9
$50 - 99.9	6	4.3	6.7	3.2	5.1	5.3
$100 - 149.9	8	5.8	3.0	5.6	3.4	6.2
$150 - 249.9	11	8.0	12.7	5.6	10.3	7.1
$250 - 349.9	3	2.2	3.0	6.5	5.1	8.0
$350 - 999.9	25	18.1	13.4	11.3	16.2	17.7
$1,000 - 1,999.9	21	15.2	10.4	11.3	9.4	8.8
$2,000 - 9,999.9	11	8.0	8.2	5.6	7.7	5.3
$10,000+	0	-	-	-	-	-
	138	99.9%	100.0%	99.8%	99.9%	100.0%

Non-Skiing Activities

Table 22 summarizes the variety and extent of other recreational activities offered at ski areas and describes the activities that are offered near the ski area. Ski touring is the most prevalent activity at the area. Swimming and tennis follow at the area. Snowmobiles rank first nearby, followed by golf, water sports, tennis, swimming, ice skating, and ski touring.

TABLE 22

OTHER ACTIVITIES AVAILABLE AT SKI AREAS AND NEARBY

Activity	Total Sample	Day	Weekend	Vacation
	Areas Offering Activity			
Toboggans/sleds	2.2%	0.0%	7.4%	3.1%
Snowmobiles	2.9	1.3	0.0	9.4
Ice skating	9.4	3.8	7.4	25.0
Ski touring	42.8	30.4	48.1	68.8
Golf	13.8	2.5	22.2	34.4
Tennis	31.9	16.5	48.1	56.3
Swimming	34.8	15.2	55.6	65.6
Water sports	7.2	3.8	18.5	6.3
Summer slide	10.9	5.1	25.9	12.5
Other	21.7	12.7	25.9	40.6
	Activity Offered Nearby			
Toboggans/sleds	44.2%	44.3%	55.6%	34.4%
Snowmobiles	71.7	67.1	81.5	75.0
Ice skating	55.8	49.4	74.1	56.3
Ski touring	52.2	54.4	55.6	43.8
Golf	65.9	67.1	70.4	59.4
Tennis	57.2	58.2	59.3	53.1
Swimming	55.8	62.0	59.3	37.5
Water sports	58.7	55.7	74.1	53.1
Summer slide	23.2	19.0	29.6	28.1
Other	20.3	12.7	22.2	37.5

For the sixth time, respondents were asked to provide information about computer usage at their ski areas (Table 23). Ninety-three percent of the 1987-88 respondents reported use of a computer. The most popular applications continue to be accounts payable, payroll, and accounts receivable. Popular answers reported under other were general ledger, financial statements, mailing lists, word processing, reservations, inventory, budgets and snowmaking.

Fifty-two different brands or models were mentioned in 1987-88. Several areas also reported using more than one computer. The top computers mentioned were IBM S34 and S36, IBM PC, and NCR 499.

TABLE 23

COMPUTER USE AND APPLICATIONS

	1987-88		1986-87	
	Number	%	Number	%
Use a computer	129	93.5%	120	89.6%
No computer use	9	6.5	14	10.4
	138	100.0%	134	100.0%
Own computer	117	90.7%	109	90.8%
Timeshare computer	3	2.3	6	5.0
Lease	0	0.0	0	0.0
No answer	9	7.0	5	4.2
	129	100.0%	120	100.0%
		Percent of Users		Percent of Users
Applications:				
Payroll	90	69.8%	88	73.3%
Accounts receivable	92	71.3	84	70.0
Accounts payable	109	84.5	98	81.7
Forecasting	71	55.0	69	57.5
Market research	51	39.5	35	29.2
Ticket sales	66	51.2	51	42.5
Other	91	71.3	81	67.5
Base	(129)		(120)	

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Fifty-two different brands or models were mentioned in 1987-88. Several areas also reported using more than one computer. The top computers mentioned were IBM S34 and S36, IBM PC, and NCR 499.

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	138	100.0%	134	100.0%
Own computer	117	90.7%	109	90.8%
Timeshare computer	3	2.3	6	5.0
Lease	0	0.0	0	0.0
No answer	9	7.0	5	4.2
	129	100.0%	120	100.0%
		Percent of Users		Percent of Users
Applications:				
Payroll	90	69.8%	88	73.3%
Accounts receivable	92	71.3	84	70.0
Accounts payable	109	84.5	98	81.7
Forecasting	71	55.0	69	57.5
Market research	51	39.5	35	29.2
Ticket sales	66	51.2	51	42.5
Other	91	71.3	81	67.5
Base	(129)		(120)	

III

SKI AREA FINANCIAL DATA

Introduction

Each ski area was asked to provide the following financial data on their 1987-88 season: (1) income statement, (2) departmental revenue and expense, and (3) balance sheet. From this information average area financial statements were developed to measure the industry's financial performance. The data summarized here for the 1987-88 season represents 138 ski areas that provided complete usable data representing 12 months of income and expenses. These 138 areas represent an increase from the 134 completely usable questionnaires for 1986-87.

The 138 ski areas represent approximately 57 percent of the skier visits in North America. If this relationship were to hold for the balance of the skier visits, then the ski area business in the United States has an investment of some $2.85 billion, processes revenues of $1.76 billion, and has an annual payroll (direct labor) of $353 million.

This chapter first presents the average income statement (Table 24) and the average area lift and revenue expense statement (Table 25) in the traditional format of previous reports. This is followed by an extensive analysis of the income statement in a non-traditional way which the authors believe will be more meaningful to ski area operators. Readers will note that the data are the same except for the revenue figure which has been adjusted because of concession operations to make the data more comparable. Also, this more extensive analysis includes a separate column on the 57 areas in the study operating with a USFS permit.

Average Ski Area Income Statements

Table 26 is the composite-average income statement referred to above. The format is somewhat non-typical due to the varying practices of ski area operators. Total revenue is the total of gross lift department revenue plus gross margin o- contributions from all other departments. It is believed that in this manner one can more fairly combine ski areas that have only some of the supporting operations with those who concession them, and thus report only net concession revenue, and those who operate their own schools, shops, restaurants, and real estate business. Details of these supporting operations may be found in Chapter VI.

Table 27 is a summary of gross revenue, concession revenue and direct operating costs. It is included to illustrate how the supporting margins were calculated. The breakdowns shown in Chapter VI are much more accurate for illustrating typical departmental cash flows, since Table 27 includes all areas in the average including those who do not operate such a department. While they are statistically accurate they are non-typical.

TABLE 24

AVERAGE AREA INCOME STATEMENT (000)

	1987-88 Total	1987-88 Season Percent	1986-87 Total	1986-87 Season Percent	1985-86 Season Percent	1984-85 Season Percent
Revenue	$7,271	100.0%	$6,263	100.0%	100.0%	100.0%
Direct Expense						
Direct Labor[a]	$1,459	20.1%	$1,300	20.8%	20.7%	20.0%
Other Direct Expenses[b]	2,255	31.0	2,016	32.2	36.5	34.0
Total Direct Expenses	$3,714	51.1%	$3,316	53.0%	57.2%	54.0%
Gross Margin	$3,557	48.9%	$2,947	47.0%	42.8%	46.0%
Other Expenses						
General & Administrative	$ 761	10.5%	$ 683	10.9%	10.8%	11.1%
Marketing	376	5.2	344	5.5	5.0	4.6
Insurance	399	5.5	349	5.6	4.1	2.5
Forest Service Fees	80	1.1	81	1.3	1.4	1.2
Private Land Rental	45	0.6	12	0.2	0.2	0.4
Property & Other Taxes	119	1.6	102	1.6	1.8	2.3
Interest	427	5.9	421	6.7	6.6	6.4
Depreciation	729	10.0	693	11.1	10.3	10.7
Miscellaneous Expense	253	3.4	142	2.2	1.1	2.0
Total Other Expense	$3,189	43.8%	$2,827	45.1%	41.3%	41.2%
Pre-Tax Profit (Loss)	$ 368	5.1%	$ 120	1.9%	1.5%	4.8%
Base	(138)		(134)		(124)	(117)

[a] Includes direct labor and snowmaking labor.

[b] Includes cost of goods sold, payroll taxes, property operations, snow removal, snowmaking (except labor) and other direct.

TABLE 25

AVERAGE AREA LIFT REVENUE AND EXPENSE (000)

	1987-88 Total	1987-88 Season Percent	1986-87 Total	1986-87 Season Percent	1985-86 Season Percent	1984-85 Season Percent
Lift Revenue						
Winter	$3,828	98.7%	$3,340	98.6%	98.6%	99.1%
Summer	49	1.3	46	1.4	1.4	0.9
Total	$3,877	100.0%	$3,386	100.0%	100.0%	100.0%
Lift Expense						
Direct Labor (Winter)[a]						
Lift	$ 202	5.2%	$ 173	5.1%	5.7%	5.7%
Ski Patrol	88	2.3	87	2.6	2.6	2.8
Slope Maintenance	82	2.1	70	2.1	2.1	2.2
Maintenance & Repair	123	3.2	107	3.2	3.6	3.1
Ticket Sales	48	1.2	41	1.2	1.2	1.2
Other	40	1.0	42	1.2	1.4	1.2
Total (Winter)	$ 583	15.0%	$ 520	15.4%	16.6%	16.2%
Direct Labor (Summer)	$ 33	0.9%	$ 32	0.9%	0.8%	0.5%
Other Direct Expense	$ 486	12.5%	$ 464	13.6%	14.0%	12.8%
Gross Margin - Lifts	$2,775	71.6%	$2,370	70.1%	68.6%	70.5%
Base	(138)		(134)		(124)	(117)

[a] Does not include payroll taxes.

TABLE 26

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT

	1987-88 Total (000)	1986-87 Total (000)	% Change	USFS Permittees	Your Ski Area
Gross Fixed Assets	$11,757	$10,976	7.1%	$14,505	$____
Revenue:					
Ski Lift Gross - Winter	$ 3,828	$ 3,340		$ 5,213	$____
Ski Lift Gross - Summer	49	48		100	____
Supporting Margin - Winter	920	763		1,087	____
Supporting Margin - Summer	79	58		29	____
Year Round Margin	226	129		180	____
TOTAL REVENUE	$ 5,102	$ 4,338	17.6%	$ 6,609	$____
Less:					
Ski Lift Direct Expense	$ 987	$ 907		$ 1,354	$____
Ski Lift Payroll Taxes	115	109		181	____
Property Operation	220	201		244	____
OPERATIONS MARGIN	$ 3,780	$ 3,121	21.1%	$ 4,830	$____
Less:					
General & Administrative	$ 761	$ 683		$ 1,067	$____
Marketing (advertising, public relations, promotion, etc.)	376	344		482	____
Insurance (property, liability)	399	349		551	____
Land Use Fees (public)	80	81		145	____
Land Use Fees (private)	45	12		51	____
Property Taxes	89	75		137	____
Other Taxes (except income)	30	26		30	____
Snowmaking	207	159		171	____
Snow Removal	16	15		14	____
Miscellaneous	253	143		463	____
Depreciation & Amortization	729	693		975	____
OPERATING PROFIT (LOSS)	$ 795	$ 541	47.0%	$ 744	$____
Less: Interest	427	421		532	____
PROFIT (LOSS) BEFORE TAX	$ 368	$ 120	206.7%	$ 212	$____
Base	(138)	(134)		(57)	

TABLE 27

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
1987-88

	Plus:		Less:				Equals:
	Gross Sales (000)	Concession Revenue (000)	Cost of Goods Sold (000)	Direct Labor (000)	Direct Other (000)	Payroll Taxes (000)	Gross Margin (000)
WINTER SEASON							
Ski Lift Dept.	$3,828	$ -	$ -	$ 583	$348	$110	$2,787
Ski School	406	2	-	187	26	34	161
Food Service	645	23	210	167	71	27	193
Bar	193	10	51	32	17	5	98
Retail	307	21	151	29	11	5	132
Rental	283	12	33[a]	51	14	9	188
Accommodations	278	1	-	79	81	15	104
Other	148	4	7	59	33	10	43
Sub-total	$6,088	$73	$452	$1,187	$601	$215	$3,706
YEAR-ROUND							
Real Estate	$ 540	$ 0	$300	$ 17	$ 35	$ 3	$ 185
Utility	29	0	-	14	23	3	(11)
Miscellaneous	96	1	2	20	19	3	53
Sub-total	$ 665	$ 1	$302	$ 51	$ 77	$ 9	$ 227
SUMMER SEASON							
Lift Department	$ 49	$ -	$ -	$ 33	$ 22	$ 6	$ (12)
Food Service	124	3	42	50	21	8	6
Retail	30	1	13	5	4	1	8
Sports	56	0	0	20	19	3	14
Accommodations	111	0	-	42	35	7	27
Slide	44	0	0	10	5	2	27
Other	28	0	2	10	16	2	(2)
Sub-total	$ 442	$ 4	$ 57	$ 170	$122	$ 29	$ 68
TOTALS	$7,195	$78	$811	$1,408	$800	$253	$4,001
Base	(138)	(138)	(138)	(138)	(138)	(138)	(138)

[a] Represents retirement and replacement of rental equipment.

This format also differs slightly by showing an "operating profit (loss)" before subtracting interest expense. It is believed that this figure compared to gross fixed assets is one of the best overall measures of industry profitability. Interest expense varies from zero to $4.6 million, and while it is a critical and significant cost of doing business it is also viewed as a part of the cost of capital. Some areas are subsidiaries of larger corporations, some beneficiaries of public funding, and many carry an added burden of past operating losses. A fair assessment of current operations requires both an analysis of before tax and before interest return on GFA, and profit as a percent of equity.

Tables 28 and 29 provide comparisons between expenses, revenues and investment (Gross Fixed Assets). One generally uniform factor involves the depreciation to Gross Fixed Assets of around 7 percent, or 15 years average life.

Revenue

Average revenue as shown in Table 26 was up 17.6 percent. A check of the 1987-88 results using the revenue to GFA vs. utilization rule developed in the 1974-75 report shows the following:

	Total Revenue to GFA		Percent Utilization		Factor	Judgment
All Ski Areas	43%	÷	33%	=	1.30	Good
Top Half Profit	52%	÷	33%	=	1.58	Excellent
Bottom Half Profit	37%	÷	34%	=	1.09	Fair
Loss	33%	÷	31%	=	1.06	Poor

This rule of thumb measure summarizes all of the critical economic variables (capacity, utilization, length of season, revenue per skier visit) and relates them to investment. When the revenue/GFA ratio exceeds utilization, the various factors are in balance. When utilization exceeds the revenue/GFA ratio one or more factors are impairing a ski area's ability to make profits commensurate with the risks. This factor analysis is derived from the income potential to capital cost (GFA) ratio used to evaluate the conceptual feasibility of a new or expanded ski area.

TABLE 28

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT PERCENT OF REVENUE

	1987-88 Total	1986-87 Total	1987-88 USFS Permittees	Your Ski Area
Revenue:				
Ski Lift Gross - Winter	75.0%	77.0%	78.9%	%
Ski Lift Gross - Summer	1.0	1.1	1.5	
Supporting Margin - Winter	18.0	17.6	16.4	
Supporting Margin - Summer	1.6	1.3	0.4	
Year Round Margin	4.4	3.0	2.8	
TOTAL REVENUE	100.0%	100.0%	100.0%	100%
Less:				
Ski Lift Direct Expense	19.3%	20.9%	20.5%	%
Payroll Taxes	2.3	2.5	2.7	
Property Operation	4.3	4.7	3.7	
OPERATIONS MARGIN	74.1%	71.9%	73.1%	%
Less:				
General & Administrative	14.9%	15.7%	16.1%	%
Marketing (advertising, public relations, promotion, etc.)	7.4	7.9	7.3	
Insurance (property, liability)	7.8	8.0	8.3	
Land Use Fees (public)	1.5	1.9	2.2	
Land Use Fees (private)	0.9	0.3	0.8	
Property Taxes	1.7	1.7	2.1	
Other Taxes (except income)	0.6	0.6	0.5	
Snowmaking	4.0	3.7	2.6	
Snow Removal	0.3	0.3	0.2	
Miscellaneous	5.1	3.3	7.0	
Depreciation & Amortization	14.3	16.0	14.7	
OPERATING PROFIT (LOSS)	15.6%	12.5%	11.3%	%
Less: Interest	8.4	9.7	8.1	
PROFIT (LOSS) BEFORE TAX	7.2%	2.8%	3.2%	%
Base	(138)	(134)	(57)	

TABLE 29

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT PERCENT OF GROSS FIXED ASSETS

	1987-88 Total	1986-87 Total	1987-88 USFS Permittees	Your Ski Area
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%
Revenue:				
Ski Lift Gross - Winter	32.6%	30.4%	35.9%	______ %
Ski Lift Gross - Summer	0.4	0.4	0.7	______
Supporting Margin - Winter	7.8	7.0	7.5	______
Supporting Margin - Summer	0.7	0.5	0.2	______
Year Round Margin	1.9	1.2	1.1	______
TOTAL REVENUE	43.4%	39.5%	45.6%	______ %
Less:				
Ski Lift Direct Expense	8.4%	8.3%	9.3%	______ %
Payroll Taxes	1.0	1.0	1.2	______
Property Operation	1.8	1.8	1.8	______
OPERATIONS MARGIN	32.2%	28.4%	33.3%	______ %
Less:				
General & Administrative	6.4%	6.2%	7.4%	______ %
Marketing (advertising, public relations, promotion, etc.)	3.2	3.1	3.3	______
Insurance (property, liability)	3.4	3.2	3.8	______
Land Use Fees (public)	0.7	0.7	1.0	______
Land Use Fees (private)	0.4	0.1	0.4	______
Property Taxes	0.8	0.7	0.9	______
Other Taxes (except income)	0.3	0.3	0.2	______
Snowmaking	1.8	1.4	1.2	______
Snow Removal	0.1	0.1	0.1	______
Miscellaneous	2.1	1.4	3.2	______
Depreciation & Amortization	6.2	6.3	6.7	______
OPERATING PROFIT (LOSS)	6.8%	4.9%	5.1%	______ %
Less: Interest	3.7	3.8	3.6	______
PROFIT (LOSS) BEFORE TAX	3.1%	1.1%	1.5%	______ %
Base	(138)	(134)	(57)	

The 1987-88 ratio of revenue to GFA (43 percent) is a slight increase over the 1986-87 figure of 40 percent. This subject is discussed in more detail in Chapter V.

Expenses

Direct operating expenses (ski lift direct expense, ski lift payroll taxes, and property operation) were up 8.6 percent. (See Table 26.)

Balance Sheet

Balance sheet data is summarized in Table 30. The basic balance sheet data remained unchanged. Working capital is adequate and the current ratio is an adequate 1.4/1.

Table 31 summarizes the traditional measures of business health.

TABLE 30

AVERAGE SKI AREA FINANCIAL DATA—BALANCE SHEET

	1987-88 (000)	Total Percent	1986-87 (000)	Total Percent	USFS Permittees (000)
Assets					
Current Assets	$ 1,749	16.4%	$ 1,542	15.1%	$ 1,821
Gross Fixed Assets	12,184	114.5	11,221	109.8	14,972
Less: Depreciation	(4,882)	(45.9)	(4,412)	(43.2)	(6,818)
Other Assets	1,590	15.0	1,873	18.3	2,337
TOTAL ASSETS	$10,641	100.0%	$10,224	100.0%	$12,312
Liabilities & Net Worth					
Current Liabilities	$ 1,288	12.1%	$ 1,109	10.8%	$ 1,403
Long-Term Debt	4,291	40.3	3,795	37.1	4,795
Subordinated Debt	809	7.6	879	8.6	418
Deferred Taxes	128	1.2	228	2.2	115
Other Liabilities	366	3.4	404	4.0	390
Net Worth					
Invested	2,843	26.7	2,979	29.1	3,668
Retained Earnings	972	9.1	854	8.4	1,560
Less: Treasury Stock	(56)	(0.4)	(24)	(0.2)	(37)
TOTAL LIABILITIES & NET WORTH	$10,641	100.0%	$10,224	100.0%	$12,312
Base	(131)		(126)		(55)

TABLE 31

BALANCE SHEET RATIOS

	1987-88	1986-87	1985-86	1984-85
Net Working Capital (000)	$461	$433	$335	$382
Current Ratio	1.4/1	1.4/1	1.2/1	1.3/1
Percent Debt	65%	63%	66%	64%
Percent Equity	35%	37%	34%	36%
Debt to Cash Flow	4.6X	5.7X	6.0X	4.3X

U.S. Forest Service Permittees

Again, the 1987-88 study contained a separate computer run for the 57 ski areas operating with a USFS special use permit.

The average profile differs mainly in geographic location, size and length of season. The economic characteristics and financial performance indicators are fairly similar to other areas. USFS permittees are found mainly in the Rockies and the West, and they are more heavily represented among the vacation destination ski areas at some distance from population centers.

IV

ECONOMIC RATIOS

The 1973-74 study introduced the economic ratios contained in this chapter. The objective was to identify and summarize three measures of profitability and five critical variables that help to explain performance.

The reader is again cautioned to review the precise definitions of terms contained in Appendix C. There are a myriad of different methods of measuring profitability and performance. These eight critical economic ratios were developed by Ted Farwell, a member of the NSAA Economic Study Committee. They are not purported to be the only system, but rather to be one simple method of analyzing operating results.

Table 32 summarizes the eight critical ratios and illustrates the data required to construct each ratio. The source of these figures are Tables 26 and 30. There are similar tables in the subsequent chapters presenting the eight critical variables divided by various meaningful categories of profitability, geographic region, size, type, days of operation, and snowmaking and night operations.

This year separate utilization percentages are reported for day and night. This is in addition to the figure that has always been reported: Average Utilization. The data reported for day utilization and night utilization is based on information reported by those areas that could provide a break between day and night skier visits.

How to Calculate the Ratios

1. Debt to cash flow is a rough measure of the number of years that will be required at this cash flow to retire debt. This ratio is calculated by dividing the total long-term debt (M) (not including current liabilities) by the before-tax cash flow (I). Before-tax cash flow is calculated by adding back the non-cash expense of depreciation (H) to the profit (loss) before tax (G).

2. Operating profit on GFA is, in our opinion, the major ratio to describe profitability. Since it is a ratio before financing costs it allows for the comparison of operating results between areas with conservative management and minimum debt, and those with maximum leverage. It also eliminates the swings in profitability occasioned by the accumulation of several years of losses into the balance sheet. This ratio is calculated by dividing the operating profit (J) by gross fixed assets (L). Operating profit is calculated before interest expense.

3. Profit (before tax) on equity is the second measure of profitability and is the closest one can come to the traditional "return on equity" measure of business profitability. Traditional measures are in "after tax" returns. However, two characteristics of the ski industry make after tax calculations next to meaningless.

TABLE 32

ECONOMIC RATIOS

	Construction Key	Total 1987-88	Total 1986-87	Percent Change	USFS Permittees	Your Ski Area
VTF/Hour (000)	A	7,749	7,366		10,928	______
VTF/Hour - Demand/Skier Capacity	B	1,500	1,500		1,500	______
Skier Capacity	C	5,166	4,910		7,285	______
Days/Nights of Operation	D	127	125		126	______
Season Capacity (000)	E	677	638		986	______
Day Season Capacity (000)		620	592		941	______
Night Season Capacity (000)		112	104		136	______
Actual Skier Visits (000)	F	224	210	6.7%	293	______
Day Skier Visits (000)		213	202		286	______
Night Skier Visits (000)		39	39		30	______
Profit (Loss) Before Tax (000)	G	$ 368	$ 120	206.7%	$ 212	$______
Plus: Depreciation (000)	H	$ 729	$ 693		$ 975	$______
Before Tax Cash Flow (000)	I	$ 1,097	$ 813		$ 1,187	$______
Operating Profit (Loss) (000)	J	$ 795	$ 541	47.0%	$ 744	$______
Cash Operating Costs (000)	K	$ 3,579	$ 3,104		$ 4,890	$______
Gross Fixed Assets (000)	L	$11,757	$10,976		$14,505	$______
Long Term Debt (000)	M	$ 5,100	$ 4,674		$ 5,213	$______
Equity (000)	N	$ 3,759	$ 3,809		$ 5,191	$______
Critical Ratios						
1. Health (Debt to Cash Flow)		4.6X	5.7X		4.4X	______X
Profitability:						
2. Operating Profit on GFA		6.8%	4.9%	38.8%	5.1%	______%
3. Profit (BT) on Equity		9.8%	3.2%	206.3%	4.1%	______%
Performance:						
4. Average Utilization		33.1%	32.9%		29.7%	______%
Day Utilization		34.4%	34.1%		30.4%	______%
Night Utilization		34.9%	15.4%		22.1%	______%
5. Days/Nights of Operation		127	125		126	______

TABLE 32 (Continued)

ECONOMIC RATIOS

Construction Key	Total 1987-88	Total 1986-87	Percent Change	USFS Permittees	Your Ski Area
Policy and Planning:					
6. Capital/Capacity Ratio	$2,276	$2,235		$1,991	$______
7. Operating Cost/Capacity Ratio	$ 5.29	$ 4.87	8.6%	$ 4.96	$______
Revenue/Skier Visit: (Average for all areas)					
Ski Lift Gross	$17.09	$15.89	7.6%	$17.82	$______
Ski School Margin	$ .72	$ .60		$ .77	$______
Food Service Margin	$ .86	$ .77		$ .84	$______
Bar Margin	$ .44	$ .38		$ .38	$______
Ski Shop Margin	$ .59	$ .45		$ .67	$______
Ski Rental Margin	$ .84	$ .77		$ .60	$______
Other Margin	$ .19	$ .18		$ .23	$______
8. Total - Revenue/Skier Visit	$20.73	$19.04	8.9%	$21.31	$______
Base	(138)	(134)		(57)	

a. Many ski areas are subsidiaries of larger corporations and the tax consequences of their ski area profits (losses) are lost in the consolidation.

b. Many ski areas have loss-carry-forward balances to offset current profits and their current taxes would not reflect normal operations.

In general, the reader seeking the comparable "after tax" return may approximate this by cutting the before tax figure in half (considering both Federal and state income tax liabilities).

This ratio is calculated by dividing profit (loss) before tax (G) by equity (N). Equity includes the invested capital and retained earnings less treasury stock. The reader should be aware of the fact that because of the areas' accumulated losses, 33 percent of the respondents reported negative retained earnings and 15 percent showed no invested capital.

4. Average utilization measures actual skier visits as a percent of capacity skier visits. Capacity skier visits (E) is the product of each individual ski area's calculated capacity times its equivalent days/nights of operation. The 1975-76 survey included a more meaningful estimate of capacity since respondents reported the number of days when all ski lifts were open plus the number of days when operations were limited due to lack of snow cover or other capacity limiting factors. The 1976-77 survey included nights of operation. The 1977-78 survey incorporated both of these refinements. Actual days/nights of operation were thus adjusted downward to create "equivalent" day/nights of operation. Please note that average skier capacity (C) times days of operation (D) will not equal season capacity (E). This is because season capacity (E) is the sum of all 138 areas' season capacity and is, of course, weighted by both the larger areas and those with longer seasons.

   Average utilization is calculated by dividing actual skier visits (F) by computed season capacity (E). Utilization is expressed as a percent of available season capacity.

5. Days/nights of operation are the equivalent days and nights that ski areas were open and operating. Theoretically, when computing season capacity, one assumes that all lifts and trails are open each operating period or at least each area is capable of handling the "comfortable capacity" crowd each period that they are operating. All studies since 1975-76 adjust for this factor by computing equivalent days/nights of operation. Days/nights of operation were selected as one of eight critical variables to highlight their important effect on profitability.

6. The capital cost/capacity ratio is designed to provide a relative measure of a ski area's site, design and construction attributes. This ratio is calculated by dividing the GFA (L) by the daily, calculated skier capacity (C). The rationale for obtaining a skier capacity measure was discussed earlier and judgments may be evaluated by referring to Table 16.

7. The operating cost/capacity ratio is designed as a comparable method of measuring operating cost efficiency. This measure reduces all the cash operating costs (excluding depreciation and interest) to a common denominator. It is calculated by dividing cash operating costs (K) by season capacity (E). Costs are thus reduced to the cost of providing one skier of capacity for one equivalent day/night of operation. In general, ski areas with a higher than average cash operating cost/season capacity ratio in its appropriate size, location or operating days category may well benefit by taking a close look at expenses.

8. Total revenue/skier is a measure of the actual revenue received by the ski area from each skier each day. The definition is very important to assess the usefulness of this measure. Revenue includes gross revenue from ski lift ticket sales, plus the margin or contribution from the other typical supporting services. This method was selected in order to equate ski areas who concession some or all of these supporting service operations, and thus report only a concession fee, with those who operate each service as a department.

   This index is calculated by dividing revenues by skier visits; however, this measure does not use either accommodations, year round or summer revenue as they don't relate directly to skier visits.

What the Ratios Mean

1. Ski Industry Health (Debt to Cash Flow): In 1987-88 the ski industry slightly improved its ability to retire debt. Average debt obligations are 4.6 times the before tax cash flow. Assuming income taxes are 50 percent of income before tax, cash flows are adequate to retire debt in approximately 5.6 years.

2. Ski Industry Profitability: Operating profit as a percent of Gross Fixed Assets is 6.8 percent. This is an increase from last year's 4.9 percent.

   Profit before tax on equity is at 9.8 percent, up from last year's 3.2 percent, and 1985-86's 2.8 percent.

3. Ski Industry Performance: Average skier visits were up by almost 7 percent.

4. Policy and Planning Ratio: The two cost/capacity ratios measure design and operating efficiency. The benchmarks established by the total sample should be attainable and probably represent an adequate norm. The capital cost/capacity ratio must be adjusted upward by an appropriate inflation index to be used for current new construction planning.

   The daily cash operating cost/capacity ratio at $5.28 is up from 1986-87's $4.87 index and above the $4.99 recorded in 1985-86. The change by category looks like this:

	Cash Cost/Season Capacity		
	1987-88	1986-87	Change
Ski Lift Direct	$1.46	$1.42	Up 2.8%
Payroll Taxes	.17	.17	No change
Property Operation	.32	.32	No change
Snowmaking and Snow Removal	.33	.27	Up 22.2%
General & Administrative, & Miscellaneous	1.50	1.29	Up 16.3%
Marketing	.55	.54	Up 1.9%
Insurance	.59	.55	Up 7.3%
Land Use Fees	.18	.15	Up 20.0%
Property Taxes	.13	.12	Up 8.3%
Other Taxes	.05	.04	Up 25.0%
	$5.28	$4.87	Up 8.4%
Base	(138)	(134)	

5. Revenue per skier visit: The 1987-88 revenue per skier visit was up almost 9 percent to $20.73. Overall margins increased in all areas. Additional analysis is presented in Chapter VI.

TABLE 33

REVENUE PER SKIER VISIT

	1987-88	1986-87	1985-86	1984-85
Ski Lift Gross	$17.09	$15.89	$15.68	$14.45
Ski School Margin	.72	.60	.61	.53
Food Service Margin	.86	.77	.68	.56
Bar Margin	.44	.38	.38	.37
Ski Shop Margin	.59	.45	.41	.38
Rental Margin	.84	.77	.71	.61
Other Margin	.19	.18	.24	.11
	$20.73	$19.04	$18.71	$17.01
Base	(138)	(134)	(124)	(117)

V

PROFITABILITY

The 1987-88 ski season recorded operating profits that were up from 1986-87 in dollar amount and more ski areas showed operating profits. Operating profit on Gross Fixed Assets was 6.8 percent for the average ski area in the study (up from 4.9 percent in 1986-87), 13.9 percent for the top half of the profitable ski areas and 4.3 percent for the bottom half.

This chapter makes a comprehensive analysis of profitability, its probable causes, current trends, and proposed solutions. Data are presented in three categories, those in the top half of the profitable areas, those in the bottom half of the profitable areas, and those recording losses. Again the reader is urged to read the definitions of profitability used carefully because this chapter treats profitability in a non-typical, but hopefully more meaningful way. The definition is operating profit and results in 114 areas with an operating profit rather than 97 using profit before income taxes and 24 areas with a loss rather than the 41 using profit before income taxes. However, this analysis permits a number of additional meaningful comparisons to be made, especially when they have varying capital structures. Due to the large number of tables presented, the majority will be found at the end of the chapter.

The proportion of ski areas showing operating profits increased from 1986-87. Table 34 summarizes six profit indicators.

TABLE 34

HISTORICAL COMPARATIVE MEASURES OF PROFITABILITY

	1987-88	1986-87	1985-86	1984-85
Ski Areas Reporting Operating Profits	82.6%	75.4%	70.2%	76.9%
Operating Profit on GFA	6.8	4.9	5.2	7.1
Profit (BT) on Equity	9.8	3.2	2.8	8.7
Profit (BT) on GFA	3.1	1.1	1.0	3.0
Profit (BT) on Revenue	7.2	2.8	2.4	7.0
Profit (BT) in Dollars (000)	$368	$120	$105	$296
Base	(138)	(134)	(124)	(117)

This chapter isolates both the physical and economic characteristics of profitable areas and compares them with those recording losses to see if any significant insights can be provided. Table 35 presents a summary of the ski area characteristics divided into three categories of profitability. Tables 36 through 39 contain income statement and balance sheet data in these three categories. The 114 profitable ski areas were considered profitable based upon their ability to show an operating profit (i.e., before subtracting interest). Seventeen of these profitable areas did record losses after subtracting interest costs. The top half were selected based upon their return to GFA (i.e., as opposed to dollar amount of profits). Table 40 contains the critical economic ratios.

The past reports contained an analysis of the five most telling characteristics of the most profitable ski areas, the loss ski areas, and the three distinguishing characteristics of the bottom profit ski areas. In this report these past characteristics will be evaluated against current findings to evaluate progress or slippage.

Characteristics of the Top Half of the Profitable Ski Areas

The same five characteristics as in past studies are identified as the probable causes for higher profitability.

Probable Cause	Measure	Index[a]
1. Equivalent Days/Nights	135	1.06
2. Revenue/Skier Visit	$21.69	1.05
3. Capital Cost/Capacity Ratio	$2,158	0.95
4. Size (VTF/Hour)	9,285	1.20
5. Available Beds	5,569	1.14
Resulting Effect	**Measure**	**Index[a]**
Average Utilization	33.1%	1.00
Operating Profit (000)	$1,854	2.33
Operating Profit on GFA	13.9%	2.04

[a] The index represents the relationship of this measure to the average ski area measure.

On all measures the top profit ski areas performed better than the average ski area in 1987-88.

None of the factors alone fully explain the better profitability; however, each favorable factor has a small effect, and together they can effect profits dramatically.

1. Length of Season: Typically the top profit ski areas enjoy a relatively longer season. The 58 top profit ski areas recorded 135 "equivalent" days/nights of operation, which was 6 percent above the average and 28 percent above the loss areas. These 135 days/nights were the same "equivalent" days/nights recorded in 1986-87. The favorable season length helped keep the top profit areas relatively profitable. Its effect is shown in Chapter VIII (Table 76) where the 14 ski areas that operated 160 days and over recorded a 9.4 percent operating profit on gross fixed assets, while the 7 areas opened less than 80 days reported a 7.8 percent operating profit on gross fixed assets.

2. Revenue Per Skier Visit: Normally, the most profitable ski areas also have the highest average revenue per skier visit. However, in 1987-88 the loss areas reported a higher average revenue per skier visit. The 1987-88 revenue per skier visit increased 10 percent for the loss areas from 1986-87, increased 10 percent for the top profit areas, and increased 5 percent for the bottom profit areas.

3. Capital Cost/Capacity Ratio: The top half profit areas were below the industry average, while the loss ski areas were well above the average Capital Cost/Capacity ratio in 1987-88.

4. Type and Size of Area: The most profitable ski areas are found again to be the areas with a larger number of equivalent days/nights of operation, most skiable acres, largest gross fixed assets and VTF per hour.

Characeristics of the Bottom Half of the Profitable Ski Areas

The major reason for the lower profitability reported by the bottom half of the profitable ski areas is a higher capital cost/capacity rate and lower revenue per skier visit compared to the top half of the profitable areas; however, the cause is not readily apparent. These areas also had a slightly shorter operating season, were smaller, and had fewer available beds than the top profit areas. The index or relative measures of the five variables identified earlier are summarized below.

None of these factors alone explain the poorer profitability. However, the combination of a higher capital cost/capacity rate, lower revenue per skier visit, and fewer days of operation creates only marginal profits.

Probable Cause	Measure	Index
1. Equivalent Days/Nights	128	1.01
2. Revenue/Skier Visit	$18.44	0.89
3. Capital Cost/Capacity Ratio	$2,383	1.05
4. Size (VTF/Hour) (000)	6,232	0.80
5. Available Beds	4,276	0.87

Resulting Effect	Measure	Index
Average Utilization	34.1%	1.03
Operating Profit (000)	$424	0.53
Operating Profit on GFA	4.3%	0.63

Characteristics of the Loss Ski Areas

The same five probable causes as applied to the loss areas illustrate the following:

Probable Cause	Measure	Index
1. Equivalent Days/Nights	105	0.83
2. Revenue/Skier Visit	$22.51	1.09
3. Capital Cost/Capacity Ratio	$2,420	1.06
4. Size (VTF/Hour)	7,578	0.98
5. Available Beds	4,744	0.97

Resulting Effect	Measure	Index
Average Utilization	30.8%	0.93
Operating Profit (000)	($898)	-
Operating Profit on GFA	Loss	-

An analysis of the five causes shows which combine to create losses.

1. Length of Season: The shorter operating season is a major cause. The 33 loss areas averaged 76 days of full operation; 26 days of less than full but better than half open; only 9 days of less than half open; and 47 nights of operation. Their equivalent days/nights amounted to 88 percent of actual days open. However, equivalent days/nights is only 83 percent of the average area.

2. Revenue/Skier Visit: While past studies identified discounting as a cause of lost revenue, this is not the case in 1987-88. Revenue per skier visit is 109 percent of the industry average.

3. Cost Factors: A major shortcoming of the loss areas involves a capital cost/capacity about 6 percent higher than average, coupled with extremely high operating/capacity ratio of $7.31, 38 percent higher than the average ski area. The key to profitability is to control cost and increase utilization.

4. Size: Size does not appear to be an important factor as the loss areas were smaller than the top profit areas, but larger than the bottom profit areas.

5. Available Beds: This factor does not appear significant as the loss areas' number of beds was above average and exceeded that of the bottom profit areas by a wide margin.

The identified basic short-comings of length of season, cost factors, and utilization have created losses and must be remedied to return to profitability.

Summary

These various favorable and unfavorable economic characteristics may be summarized using the rule of thumb ratio of total revenue as a percent of GFA to utilization.

	Total	Top Half Profit	Bottom Half Profit	Loss
Number of Areas	138	58	56	24
Total Revenue/GFA	43%	52%	37%	33%
Utilization	33%	33%	34%	31%
Factor	1.30	1.58	1.09	1.06
Judgment	Good	Excellent	Marginal	Poor

A factor of less than 1.00 indicates one or more critical characteristics are out of balance.

TABLE 35

AVERAGE SKI AREA CHARACTERISTICS BY PROFITABILITY

	Total	Top Half Profit	Bottom Half Profit	Loss
SIZE				
VTF/Hour (000)	7,749	9,285	6,232	7,578
Gross Fixed Assets (000)	$11,757	$13,357	$9,899	$12,226
Skiable Acres	654	795	550	558
Total Acres	1,873	1,858	1,608	2,529
LOCATION				
Within 50 Miles of SMSA	40%	31%	46%	46%
With 6+ Areas in 1 Hour	30%	36%	18%	42%
New England	20%	19%	21%	17%
East	13%	17%	11%	8%
Midwest	9%	10%	9%	4%
Central Rockies	14%	5%	20%	21%
Northern Rockies	9%	7%	9%	17%
California and Nevada	13%	14%	11%	17%
Pacific Northwest	8%	10%	7%	4%
Western Canada	14%	17%	13%	13%
SITE CHARACTERISTICS				
Number of Beds at Base[a]	1,989	2,792	757	2,241
Number of Beds (10 miles)[a]	4,891	5,569	4,276	4,744
With Snowmaking	70%	71%	71%	63%
With Night Skiing	51%	50%	57%	38%
Terrain: Beginner	25%	26%	24%	22%
Intermediate	49%	46%	50%	51%
Expert	27%	27%	25%	28%
BUSINESS CHARACTERISTICS				
Operating With USFS Permit	41%	41%	43%	38%
Engaged in Land Development	42%	50%	30%	50%
OPERATIONAL CHARACTERISTICS				
Average Days/Nights of Operation	127	135	128	105
Average Peak Day Crowd	5,057	6,192	4,432	3,774
Average Skier Visits (000)	224	286	181	174
Average Age of Ski Areas	29 years	27 years	32 years	26 years
ECONOMIC CHARACTERISTICS				
Average Revenue/Skier Visit	$20.73	$21.69	$18.44	$ 22.51
Average Lift Ticket Revenue/Skier Visit	$17.09	$17.71	$15.39	$ 18.78
Average Adult Lift Ticket Price:				
Weekend	$23.36	$24.48	$22.51	$ 22.63
Weekday	$20.93	$21.95	$20.00	$ 20.58
Average Night Ticket Price:				
Weekend	$13.34	$13.77	$13.79	$ 10.13
Weekday	$12.75	$13.14	$13.39	$ 9.33
Average Adult Season Ticket Price	$ 427	$ 469	$ 391	$ 410
Average Utilization	33%	33%	34%	31%
Average Profit (Loss) Before Tax	$ 368	$1,428	$ 20	$(1,380)
Ratio: Revenue/GFA	43%	52%	37%	33%
Base	(138)	(58)	(56)	(24)

[a] For those areas reporting beds.

TABLE 36

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY PROFITABILITY

	Total (000)	Top Half (000)	Bottom Half (000)	Loss (000)	Your Ski Area
Gross Fixed Assets	$11,757	$13,357	$9,899	$12,226	$______
Revenue:					
Ski Lift Gross - Winter	$ 3,828	$ 5,064	$2,787	$ 3,270	$______
Ski Lift Gross - Summer	49	78	26	30	______
Supporting Margin - Winter	920	1,285	640	692	______
Supporting Margin - Summer	79	139	65	(31)	______
Year Round Margin	226	343	163	89	______
TOTAL REVENUE	$ 5,102	$ 6,909	$3,681	$ 4,050	$______
Less:					
Ski Lift Direct Expense	$ 987	$ 1,079	$ 872	$ 1,029	$______
Payroll Taxes	115	138	88	124	______
Property Operation	220	289	186	131	______
OPERATIONS MARGIN	$ 3,780	$ 5,402	$2,535	$ 2,765	$______
Less:					
General & Administrative	$ 761	$ 1,007	$ 515	$ 739	$______
Marketing (advertising, public relations, promotion, etc.)	376	412	310	442	______
Insurance (property, liability)	399	525	307	310	______
Land Use Fees (public)	80	108	50	82	______
Land Use Fees (private)	45	54	9	108	______
Property Taxes	89	97	74	103	______
Other Taxes (except income)	31	62	9	4	______
Snowmaking	207	278	153	163	______
Snow Removal	16	22	10	14	______
Miscellaneous	253	132	108	882	______
Depreciation & Amortization	729	851	565	816	______
OPERATING PROFIT (LOSS)	$ 795	$ 1,854	$ 425	$ (898)	$______
Less: Interest	427	426	405	482	______
PROFIT (LOSS) BEFORE TAX	$ 368	$ 1,428	$ 20	$(1,380)	$______
Base	(138)	(58)	(56)	(24)	

TABLE 37

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY PROFITABILITY

	Percent of Gross Fixed Assets				Your Ski Area
	Total	Top Half	Bottom Half	Loss	
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:					
Ski Lift Gross - Winter	32.6%	37.9%	28.2%	26.7%	______ %
Ski Lift Gross - Summer	0.4	0.6	0.3	0.2	______
Supporting Margin - Winter	7.8	9.6	6.5	5.7	______
Supporting Margin - Summer	0.7	1.0	0.7	(0.3)	______
Year Round Margin	1.9	2.6	1.6	0.7	______
TOTAL REVENUE	43.4%	51.7%	37.2%	33.1%	______ %
Less:					
Ski Lift Direct Expense	8.4%	8.1%	8.8%	8.4%	______ %
Payroll Taxes	1.0	1.0	0.9	1.0	______
Property Operation	1.9	2.2	1.9	1.1	______
OPERATIONS MARGIN	32.2%	40.4%	25.6%	22.6%	______ %
Less:					
General & Administrative	6.5%	7.5%	5.2%	6.0%	______ %
Marketing (advertising, public relations, promotion, etc.)	3.2	3.1	3.1	3.6	______
Insurance (property, liability)	3.4	3.9	3.1	2.5	______
Land Use Fees (public)	0.7	0.8	0.5	0.7	______
Land Use Fees (private)	0.4	0.4	0.1	0.9	______
Property Taxes	0.8	0.7	0.7	0.8	______
Other Taxes (except income)	0.3	0.5	0.1	0.0	______
Snowmaking	1.8	2.1	1.5	1.3	______
Snow Removal	0.1	0.2	0.1	0.1	______
Miscellaneous	2.1	1.0	1.1	7.2	______
Depreciation & Amortization	6.2	6.4	5.7	6.7	______
OPERATING PROFIT (LOSS)	6.8%	13.9%	4.3%	(7.3)%	______ %
Less: Interest	3.6	3.2	4.1	3.9	______
PROFIT (LOSS) BEFORE TAX	3.1%	10.7%	0.2%	(11.3)%	______ %
Base	(138)	(58)	(56)	(24)	

TABLE 38

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT BY PROFITABILITY

	Percent of Revenue				Your Ski Area
	Total	Top Half	Bottom Half	Loss	
Revenue:					
Ski Lift Gross - Winter	75.0%	73.3%	75.7%	80.7%	___%
Ski Lift Gross - Summer	1.0	1.1	0.7	0.7	___
Supporting Margin - Winter	18.0	18.6	17.4	17.1	___
Supporting Margin - Summer	1.6	2.0	1.8	(0.8)	___
Year Round Margin	4.4	5.0	4.4	2.2	___
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0 %
Less:					
Ski Lift Direct Expense	19.3%	15.6%	23.7%	25.4%	___%
Payroll Taxes	2.3	2.0	2.4	3.1	___
Property Operation	4.3	4.2	5.1	3.2	___
OPERATIONS MARGIN	74.1%	78.2%	68.9%	68.3%	___%
Less:					
General & Administrative	14.9%	14.6%	14.0%	18.2%	___%
Marketing (advertising, public relations, promotion, etc.)	7.4	6.0	8.4	10.9	___
Insurance (property, liability)	7.8	7.6	8.3	7.7	___
Land Use Fees (public)	1.6	1.6	1.4	2.0	___
Land Use Fees (private)	0.9	0.8	0.2	2.7	___
Property Taxes	1.7	1.4	2.0	2.5	___
Other Taxes (except income)	0.6	0.9	0.3	0.1	___
Snowmaking	4.1	4.0	4.2	4.0	___
Snow Removal	0.3	0.3	0.3	0.3	___
Miscellaneous	5.0	1.9	2.9	21.8	___
Depreciation & Amortization	14.3	12.3	15.3	20.2	___
OPERATING PROFIT (LOSS)	15.6%	26.8%	11.5%	(22.2)%	___%
Less: Interest	8.4	6.2	11.0	11.9	___
PROFIT (LOSS) BEFORE TAX	7.2%	20.7%	0.5%	(34.1)%	___%
Base	(138)	(58)	(56)	(24)	

TABLE 39

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET BY PROFITABILITY

	Total (000)	Top Half (000)	Bottom Half (000)	Loss (000)
Assets:				
Current Assets	$ 1,749	$ 2,362	$ 1,265	$ 1,255
Gross Fixed Assets	12,184	13,357	10,454	13,103
Less: Depreciation	(4,882)	(5,276)	(4,403)	(4,952)
Other Assets	1,590	1,271	911	4,004
TOTAL ASSETS	$10,641	$11,714	$ 8,227	$13,410
Liability & Net Worth				
Current Liabilities	$ 1,288	$ 1,684	$ 886	$ 1,177
Long-Term Debt	4,291	4,059	4,020	5,528
Subordinated Debt	809	1,048	659	526
Deferred Taxes	128	210	73	39
Other Liabilities	366	290	539	168
Net Worth				
Invested	2,843	1,637	1,754	8,548
Retained Earnings	972	2,903	304	(2,570)
Less: Treasury Stock	(56)	(117)	(8)	(6)
TOTAL LIABILITIES & NET WORTH	$10,641	$11,714	$ 8,227	$13,410
Base	(131)	(58)	(51)	(22)

TABLE 40

ECONOMIC RATIOS–BY PROFITABILITY

	Key	Total	Top Half	Bottom Half	Loss	Your Ski Area
VTF/Hour (000)	A	7,749	9,285	6,232	7,578	___
VTF/Hour - Demand/Skier Capacity	B	1,500	1,500	1,500	1,500	___
Skier Capacity	C	5,166	6,190	4,155	5,052	___
Days/Nights of Operation	D	127	135	128	105	___
Season Capacity (000)	E	677	864	531	565	___
Day Season Capacity (000)		620	795	469	553	___
Night Season Capacity (000)		112	139	110	32	___
Actual Skier Visits (000)	F	224	286	181	174	___
Day Skier Visits (000)		213	269	173	171	___
Night Skier Visits (000)		39	51	34	15	___
Profit (Loss) Before Tax (000)	G	$ 368	$ 1,428	$ 20	$ (1,380)	$___
Plus: Depreciation (000)	H	$ 729	$ 851	$ 565	$ 816	$___
Before Tax Cash Flow (000)	I	$ 1,097	$ 2,279	$ 584	$ (563)	$___
Operating Profit (Loss) (000)	J	$ 795	$ 1,854	$ 424	$ (898)	$___
Cash Operating Costs (000)	K	$ 3,578	$ 4,204	$2,692	$ 4,131	$___
Gross Fixed Assets (000)	L	$11,757	$13,357	$9,899	$12,226	$___
Long Term Debt (000)	M	$ 5,100	$ 5,107	$4,679	$ 6,054	$___
Equity (000)	N	$ 3,759	$ 4,423	$2,050	$ 5,972	$___
Critical Ratios						
1. Health (Debt to Cash Flow)		4.6X	2.2X	8.0X	Loss	___ X
Profitability:						
2. Operating Profit on GFA		6.8%	13.9%	4.3%	- 7.3%	___ %
3. Profit (BT) on Equity		9.8%	32.3%	1.0%	-23.1%	___ %
Performance:						
4. Average Utilization		33.1%	33.1%	34.1%	30.8%	___ %
Day Utilization		34.4%	33.8%	36.8%	30.8%	___ %
Night Utilization		34.8%	37.0%	30.9%	46.9%	___ %
5. Days/Nights of Operation		127	135	128	105	___
Policy & Planning:						
6. Capital/Capacity Ratio		$2,276	$2,158	$2,383	$2,420	$___
7. Operating/Capacity Ratio		$ 5.28	$ 4.86	$ 5.07	$ 7.31	$___
Revenue/Skier Visit: (Average for all areas)						
Ski Lift Gross		$17.09	$17.71	$15.39	$18.78	$___
Ski School Margin		$ .72	$ .66	$ .59	$ 1.28	$___
Food Service Margin		$ .86	$ .96	$ .63	$ 1.04	$___
Bar Margin		$ .44	$ .49	$ .45	$ .23	$___
Ski Shop Margin		$ .59	$ .77	$ .41	$ .34	$___
Ski Rental Margin		$ 84	$ .91	$ .81	$ .64	$___
Other Margin		$ .19	$ .19	$ .16	$ .20	$___
8. Total - Revenue/Skier Visit		$20.73	$21.69	$18.44	$22.51	$___
Base		(138)	(58)	(56)	(24)	

VI

SKI AREA DEPARTMENTAL OPERATIONS

Skiers require a variety of supporting services in order to participate in their sport. In general, these services are revenue producers and each should be organized to provide some contribution to gross margin.

Departmental Operations

Table 41 summarizes the departmental operations for 12 departments during both winter and summer seasons. Since the range of supporting services varies substantially, this data represents averages from among only those areas who reported owning and operating such supporting services. The number of ski areas reporting such operations is noted in the right hand column labeled "base." For example, only 95 ski areas or 69 percent reported operating a bar, thus the data shown are from a sample of only 95.

In addition to the departmental direct cost breakdown, Table 41 includes gross sales per skier visit for the seven major categories. These departments account for 81 percent of ski area gross revenue. These averages have also been calculated using only those ski areas that report owning and operating these departments. Thus, the gross margins calculated from Table 41 will not equate with the average ski industry margins shown with the economic ratios (Table 32). For instance, the bar department gross margin on Table 41 amounts to $0.82/skier visit ($1.75 x 46.7 percent) whereas on Table 32 it is shown as $0.44/skier visit. While the industry average is based on all 138 respondents, the Table 41 data is based on only the 95 respondents who own and operate a bar.

Two upgraded items involve cost of goods sold in the rental department and payroll taxes. The last ten surveys asked specifically for including a rental equipment depreciation allowance under cost of goods sold since this equipment is typically replaced every three to five seasons. In addition this year, payroll taxes have been deducted from departments. If respondents gave a breakdown of payroll taxes by department, that figure was used; if a total payroll tax figure was given, it was allocated to departments in proportion to direct labor costs.

Tables 42 through 44 summarize departmental data by profitability. This breakdown is also included by ski area type (Tables 45-47) and by geographic region (Chapter VII, Table 60).

Ski Area Concessions

Table 48 summarizes ski area concession operations.

Ski Area Employment

Tables 49 and 50 summarize ski area employment. These 138 ski areas employed 27,462 persons daily. If the balance of the ski areas had similar staffing, based on skier visits the ski area industry employed 48,179 persons daily.

Ski Lift Department Detail

Table 51 contains the ski lift department breakdowns.

Ski Area Insurance Costs

Ski area insurance costs have been a major concern of the industry over the past few years. Eighty-one ski areas provided data concerning property, etc., and liability insurance costs. Their cost experience was:

Property Insurance Expense	$106,519	26.9%
Liability Insurance Expense	290,038	73.1
Total Insurance Expense	$396,557	100.0%

Fifty-four ski areas lumped their insurance costs together and reported a cost of $431,148. Assuming that the property/liability ratio remains the same for the 54 ski areas who provided only one lumped figure results in allocating 26.9 percent to property and 73.1 percent to liability. Thus, the 1987-88 figures probably look like this for the average ski area:

Cost–Property Insurance	$107,905	26.9%
Cost–Liability Insurance	291,465	73.1
Cost–Total Insurance	$399,370	100.0%

Logically property insurance is some function of the property value, while liability insurance is typically measured as a percent of revenue. Thus the following relationships have been calculated:

Property Insurance / Gross Fixed Assets
$107,905 / $11,757,000 = 0.9%

Liability Insurance / Total Revenue
$291,465 / $ 5,102,000 = 5.7%

Liability Insurance / Gross Operating Revenue[a]
$291,465 / $ 6,626,000 = 4.4%

[a] For purposes of this measure Gross Operating Revenue is defined as all gross revenue less real estate and utility departmental revenue and less all concession revenue.

The liability insurance ratios have increased considerably in recent years: in 1984-85 the liability insurance/total revenue was 1.9 percent and liability insurance/gross operating revenue was 1.5 percent; in 1985-86 the ratios were 4.5 percent and 3.4 percent respectively; and in 1986-87 they were 5.7 percent and 4.3 percent.

TABLE 41

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN TOTAL SKI AREAS, 1987-88

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON								
Ski Lift Dept.	$17.09	100.0%	- %	15.2%	9.1%	2.9%	72.8%	(138)
Ski School	2.15	100.0%	-	45.9	6.5	8.3	39.3	(125)
Food Service	4.18	100.0%	32.1	25.8	10.8	4.1	27.2	(115)
Bar	1.75	100.0%	25.9	16.7	8.4	2.3	46.7	(95)
Retail	3.17	100.0%	48.5	9.3	3.4	1.7	37.1	(85)
Rental	2.00	100.0%	11.5[b]	17.9	4.8	3.2	62.6	(111)
Accommodations	.84	100.0%	-	28.3	29.1	5.3	37.3	(51)
Other	.84	100.0%	4.3	38.8	21.6	7.2	28.1	(121)
	$32.02							
YEAR-ROUND								
Real Estate		100.0%	55.7	3.2	6.5	0.4	34.2	(28)
Utility		100.0%	-	47.4	82.4	9.2	(39.0)	(19)
Miscellaneous		100.0%	2.2	20.4	19.7	2.9	54.8	(78)
SUMMER SEASON								
Lift Department		100.0%	-	68.5	44.9	11.9	(25.3)	(39)
Food Service		100.0%	33.2	39.9	17.1	6.4	3.4	(49)
Retail		100.0%	44.4	18.0	11.6	2.8	23.2	(25)
Sports		100.0%	-	36.6	33.2	5.8	24.4	(21)
Accommodations		100.0%	-	37.6	31.3	6.6	24.5	(29)
Slide		100.0%	-	23.4	11.2	4.6	60.8	(13)
Other		100.0%	7.4	35.1	58.9	7.5	(8.9)	(39)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 42

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN TOP PROFIT SKI AREAS, 1987-88

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON								
Ski Lift Dept.	$17.71	100.0%	- %	12.7%	7.5%	2.6%	77.2%	(58)
Ski School	1.81	100.0%	-	44.4	6.6	9.1	39.9	(55)
Food Service	4.07	100.0%	30.6	23.7	10.1	4.5	31.1	(49)
Bar	1.81	100.0%	23.4	15.8	8.6	2.5	49.7	(40)
Retail	3.39	100.0%	44.4	8.1	2.3	1.6	43.6	(40)
Rental	1.91	100.0%	11.0[b]	17.6	3.7	3.4	64.3	(50)
Accommodations	-	100.0%	-	27.5	26.9	6.1	39.5	(26)
Other	.81	100.0%	2.7	38.8	20.5	7.9	30.1	(50)
	$31.51							
YEAR-ROUND								
Real Estate		100.0%	35.3	3.5	8.4	0.3	52.5	(15)
Utility		100.0%	-	52.0	77.7	10.8	(40.5)	(10)
Miscellaneous		100.0%	3.2	26.3	26.7	3.6	40.2	(40)
SUMMER SEASON								
Lift Department		100.0%	-	46.2	25.0	9.1	19.7	(17)
Food Service		100.0%	32.9	36.6	16.6	7.2	6.7	(25)
Retail		100.0%	34.9	16.9	12.4	2.7	33.1	(14)
Sports		100.0%	-	32.4	25.4	7.2	35.0	(11)
Accommodations		100.0%	-	35.1	29.1	7.3	28.5	(18)
Slide		100.0%	-	22.9	12.8	4.3	60.0	(6)
Other		100.0%	2.7	34.6	65.3	8.0	(10.5)	(18)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 43

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN BOTTOM PROFIT SKI AREAS, 1987-88

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON								
Ski Lift Dept.	$15.39	100.0%	- %	18.5%	11.3%	3.1%	67.1%	(56)
Ski School	1.95	100.0%	-	46.6	7.6	7.2	38.6	(48)
Food Service	4.07	100.0%	37.3	28.5	10.9	3.2	20.1	(45)
Bar	1.80	100.0%	29.5	17.5	8.1	2.0	42.9	(40)
Retail	3.08	100.0%	55.0	10.3	4.5	1.7	28.5	(31)
Rental	2.47	100.0%	12.4[b]	17.9	5.9	2.8	61.0	(41)
Accommodations	-	100.0%	-	23.8	32.3	1.8	42.1	(15)
Other	.71	100.0%	6.3	33.2	25.2	5.2	30.1	(48)
	$29.47							
YEAR-ROUND								
Real Estate		100.0%	50.6	-1.5	2.4	0.1	45.4	(6)
Utility		100.0%	-	36.5	104.0	5.3	(45.8)	(5)
Miscellaneous		100.0%	-	10.6	9.2	1.1	79.1	(28)
SUMMER SEASON								
Lift Department		100.0%	-	90.8	66.5	10.0	(67.3)	(12)
Food Service		100.0%	36.8	42.9	14.7	2.3	3.3	(18)
Retail		100.0%	60.7	19.3	11.4	2.4	6.2	(8)
Sports		100.0%	-	51.1	44.0	0.7	4.2	(7)
Accommodations		100.0%	-	28.8	29.7	2.0	39.5	(7)
Slide		100.0%	-	24.0	9.4	5.2	61.4	(6)
Other		100.0%	29.0	26.1	34.9	4.0	6.0	(15)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 44

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN LOSS SKI AREAS, 1987-88

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON								
Ski Lift Dept.	$18.78	100.0%	- %	18.2%	10.6%	3.5%	67.7%	(24)
Ski School	3.78	100.0%	-	48.2	4.9	8.2	38.7	(22)
Food Service	4.69	100.0%	28.3	27.4	12.5	5.0	26.8	(21)
Bar	1.28	100.0%	28.2	19.3	8.1	3.0	41.4	(15)
Retail	2.21	100.0%	55.9	13.2	6.6	2.3	22.0	(16)
Rental	1.37	100.0%	12.0[b]	19.1	7.5	3.1	58.3	(20)
Accommodations	-	100.0%	-	41.1	31.4	9.1	18.4	(10)
Other	1.21	100.0%	5.3	46.6	19.6	7.9	20.6	(23)
	$33.32							
YEAR-ROUND								
Real Estate		100.0%	85.6	3.9	6.6	0.8	3.1	(7)
Utility		100.0%	-	43.5	81.3	7.9	(32.7)	(4)
Miscellaneous		100.0%	0.6	7.3	2.6	2.0	87.5	(10)
SUMMER SEASON								
Lift Department		100.0%	-	163.4	125.8	33.4	(222.6)	(10)
Food Service		100.0%	26.2	55.7	26.5	11.3	(19.7)	(6)
Retail		100.0%	70.3	21.9	7.2	4.5	(3.9)	(3)
Sports		100.0%	-	36.1	43.5	6.4	14.0	(3)
Accommodations		100.0%	-	109.8	65.4	21.0	(96.2)	(4)
Slide		100.0%	-	23.6	6.2	3.1	67.1	(1)
Other		100.0%	-	85.9	47.4	14.1	(47.4)	(6)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 45

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
VACATION ORIENTED SKI AREAS, 1987-88

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON								
Ski Lift Dept.	$19.21	100.0%	- %	14.6%	8.7%	2.6%	74.1%	(32)
Ski School	2.52	100.0%	-	46.7	5.7	8.4	39.2	(31)
Food Service	4.38	100.0%	29.2	26.0	12.6	4.0	28.2	(29)
Bar	1.59	100.0%	25.3	20.2	10.0	2.7	41.8	(24)
Retail	2.31	100.0%	50.4	9.4	4.1	1.7	34.4	(25)
Rental	1.61	100.0%	13.0[b]	16.9	6.1	3.3	60.7	(25)
Accommodations	-	100.0%	-	29.3	29.7	5.4	35.6	(15)
Other	1.04	100.0%	4.5	47.9	26.1	8.7	12.8	(29)
	$32.66							
YEAR-ROUND								
Real Estate		100.0%	63.1	4.8	6.0	0.7	25.4	(14)
Utility		100.0%	-	38.8	61.5	7.3	(7.6)	(5)
Miscellaneous		100.0%	0.2	36.9	37.1	5.2	20.6	(22)
SUMMER SEASON								
Lift Department		100.0%	-	111.0	70.6	19.2	(100.8)	(19)
Food Service		100.0%	32.4	46.7	21.9	6.6	(7.6)	(20)
Retail		100.0%	53.1	23.2	9.8	3.8	10.1	(13)
Sports		100.0%	-	39.8	36.1	6.4	17.7	(11)
Accommodations		100.0%	-	48.7	35.3	7.9	8.1	(11)
Slide		100.0%	-	26.7	9.1	5.4	58.8	(4)
Other		100.0%	8.5	31.8	68.7	7.3	(16.3)	(16)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 46

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN DAY SKI AREAS, 1987-88

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON								
Ski Lift Dept.	$13.70	100.0%	- %	18.3%	10.2%	3.4%	68.1%	(79)
Ski School	1.67	100.0%	-	44.1	8.9	7.3	39.7	(73)
Food Service	3.29	100.0%	35.3	22.5	9.5	3.1	29.6	(67)
Bar	1.94	100.0%	26.2	13.6	6.4	1.8	52.0	(54)
Retail	2.85	100.0%	57.7	11.3	3.8	1.9	25.3	(45)
Rental	2.44	100.0%	10.0[b]	17.7	4.9	2.7	64.7	(66)
Accommodations	-	100.0%	-	26.8	35.1	2.8	35.3	(20)
Other	.48	100.0%	4.3	22.8	16.2	3.6	53.1	(71)
	$26.37							
YEAR-ROUND								
Real Estate		100.0%	44.4	1.5	0.8	0.1	53.2	(6)
Utility		100.0%	-	82.4	189.7	9.9	(182.0)	(11)
Miscellaneous		100.0%	4.3	8.3	4.2	1.3	81.9	(43)
SUMMER SEASON								
Lift Department		100.0%	-	212.7	173.1	36.4	(322.2)	(13)
Food Service		100.0%	35.6	28.6	16.4	2.4	17.0	(18)
Retail		100.0%	64.2	18.9	7.8	1.3	7.8	(6)
Sports		100.0%	-	47.9	38.5	0.9	12.6	(5)
Accommodations		100.0%	-	27.6	33.2	3.2	36.0	(8)
Slide		100.0%	-	17.2	12.3	1.8	68.7	(4)
Other		100.0%	8.1	32.4	38.7	6.6	14.2	(16)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 47

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN WEEKEND SKI AREAS, 1987-88

	Gross Sales		Less:					
	Per $-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON								
Ski Lift Dept.	$18.66	100.0%	- %	12.9%	8.4%	3.0%	75.7%	(27)
Ski School	2.10	100.0%	-	46.6	4.9	9.8	38.7	(21)
Food Service	5.19	100.0%	35.0	29.9	7.9	6.1	21.1	(19)
Bar	1.62	100.0%	26.9	14.7	8.5	2.7	47.2	(17)
Retail	4.83	100.0%	38.9	7.7	2.1	1.4	49.9	(15)
Rental	1.97	100.0%	13.1[b]	19.5	3.0	3.8	60.6	(20)
Accommodations	-	100.0%	-	26.7	26.2	5.9	41.2	(16)
Other	1.08	100.0%	3.8	33.3	16.7	7.1	39.1	(21)
	$35.45							
YEAR-ROUND								
Real Estate		100.0%	46.1	1.0	9.2	0.2	43.5	(8)
Utility		100.0%	-	38.5	47.8	11.2	2.5	(3)
Miscellaneous		100.0%	3.3	-	4.4	-	92.3	(13)
SUMMER SEASON								
Lift Department		100.0%	-	21.2	12.1	3.8	62.9	(7)
Food Service		100.0%	32.9	37.4	11.7	8.3	9.7	(11)
Retail		100.0%	29.4	12.8	14.6	2.4	40.8	(6)
Sports		100.0%	-	23.1	21.3	4.4	51.2	(5)
Accommodations		100.0%	-	27.1	26.2	6.1	40.6	(10)
Slide		100.0%	-	31.4	10.3	8.7	49.6	(5)
Other		100.0%	2.6	50.6	49.8	9.6	(12.6)	(7)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 48

SKI AREA CONCESSION OPERATIONS

Supporting Department	Percent of Ski Areas				Average Concession Revenue[a] (000)
	Do Not Have	Own	Concession	Both	
WINTER SEASON:					
Ski School	0.7%	89.1%	8.7%	1.4%	$ 23.0
Food Service	0.7	76.8	15.9	6.5	102.1
Bar	16.7	65.9	14.5	2.9	60.3
Retail Shop	9.4	58.7	29.0	2.9	67.0
Rental Shop	3.6	80.4	15.9	-	73.5
Accommodations	62.3	35.5	0.7	1.4	33.7
SUMMER SEASON:					
Food Service	60.1%	33.3%	4.3%	2.2%	$ 42.7
Retail Shop	77.5	17.4	4.3	0.7	14.0
Sports Department	83.3	15.2	1.4	-	22.0
Accommodations	79.0	20.3	-	0.7	-
Summer Slide	90.6	9.4	-	-	-

[a] For those areas having concessions.

TABLE 49

NUMBER OF EMPLOYEES PER AVERAGE DAY BY DEPARTMENT

	Lift	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accommodations	Other	Total[a]	Full Time Equivalent
Total Sample	46	32	37	5	5	9	13	53	199	125
Geographic:										
New England	45	32	35	6	7	8	25	69	226	101
East	44	28	37	6	4	12	15	41	186	82
Midwest	25	9	13	3	2	7	6	10	75	48
Central Rockies	61	72	75	4	6	10	10	103	341	167
Northern Rockies	39	25	21	3	2	5	5	48	149	171
California & Nevada	74	39	54	7	9	17	18	76	294	228
Pacific Northwest	36	21	27	7	3	7	4	34	138	131
Western Canada	29	12	19	6	2	6	5	16	95	48
Type:										
Day	31	20	17	3	2	8	3	19	102	76
Weekend	64	33	51	8	6	12	25	60	259	144
Vacation	66	60	76	7	9	11	27	132	388	243
Profitability:										
Top Profit	54	38	46	8	6	11	22	75	259	166
Bottom Profit	40	23	27	4	4	8	4	29	140	88
Loss	38	36	39	3	5	6	9	58	193	138
By Size (000) (VTF/Hour)										
Under 2,500	17	9	8	2	1	4	2	7	50	36
2,500 - 3,999	22	15	15	3	2	8	3	17	84	47
4,000 - 5,499	26	20	30	4	3	9	14	36	141	81
5,500 - 9,999	56	30	29	6	4	9	9	34	176	113
10,000+	87	71	90	9	12	15	31	148	464	295

[a] Will not add due to various different base responses.

TABLE 50

NUMBER OF EMPLOYEES PER PEAK DAY BY DEPARTMENT

	Lift	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accommodations	Other	Total[a]	Full Time Equivalent
Total Sample	62	65	53	9	8	16	17	67	296	175
Geographic:										
New England	67	77	57	12	12	14	40	91	370	174
East & Ontario	63	72	58	9	6	23	18	55	304	129
Midwest	39	26	25	7	4	15	9	14	138	74
Central Rockies	74	113	91	6	10	17	12	120	443	240
Northern Rockies	55	54	32	4	3	8	7	55	218	202
California & Nevada	95	66	74	13	12	25	24	101	411	295
Pacific Northwest	58	60	43	12	6	15	7	49	249	172
Western Canada	34	25	24	8	3	8	4	11	116	68
Type:										
Day	45	50	28	6	4	14	4	28	179	122
Weekend	88	70	73	14	10	19	32	81	386	194
Vacation	82	96	98	13	14	17	39	150	508	302
Profitability:										
Top Profit	72	75	65	12	10	20	30	97	381	227
Bottom Profit	56	54	42	8	6	14	6	35	221	124
Loss	50	63	51	5	7	10	15	65	266	181
By Size (000) (VTF/Hour)										
Under 2,500	26	27	18	4	3	10	4	12	104	61
2,500 - 3,999	33	50	27	5	3	16	5	25	164	84
4,000 - 5,499	41	50	46	8	5	16	18	46	229	145
5,500 - 9,999	79	67	45	10	6	14	12	50	282	169
10,000+	108	114	114	16	18	22	43	172	607	372

[a] Will not add due to various different base responses.

TABLE 51

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN BY PROFITABILITY

	Total Sample	High	Low	Loss	Your Ski Area
SKI LIFT GROSS:					
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:					
Ski Lift Payroll	5.3%	4.5%	6.1%	6.8%	____ %
Ski Patrol Payroll	2.3	2.1	2.7	2.6	____
Slope Maintenance Payroll	2.2	1.9	2.6	2.3	____
Maintenance & Repair Payroll	3.2	2.7	4.3	3.3	____
Ticket Sales Payroll	1.2	1.0	1.6	1.6	____
Other Payroll	1.0	0.9	1.5	1.1	____
TOTAL PAYROLL	15.2%	13.1%	18.8%	17.7%	____ %
PAYROLL TAXES	3.0%	2.7%	3.3%	3.6%	____ %
OTHER DIRECT	9.7%	8.7%	11.5%	10.5%	____ %
TOTAL DIRECT	27.9%	24.5%	33.6%	31.8%	____ %
GROSS MARGIN	72.1%	75.6%	66.4%	68.2%	____ %
Base	(98)	(51)	(30)	(17)	

VII

REGIONAL SKI AREA CHARACTERISTICS

This chapter offers a look at ski area similarities and differences by geographic regions. Table 53 summarizes the significant ski area characteristics, while Table 54 presents the eight critical variables by geographic location. Tables 55-57 contain average regional area income statements compared to both gross fixed assets and revenue. Table 58 illustrates lift department direct costs. Table 59 breaks out the regional balance sheets. Table 60 summarizes departmental breakdowns. Again due to the large number of tables, they all appear at the end of the chapter. For the second time areas in Western Canada are reported separately.

Observations

The larger areas are found in the Rockies and the West where the mountains are larger and the snow cover typically deeper and more dependable. This also means that the Rockies contain a larger share of the vacation areas, while the other sections are heavy on day use areas. There are many more beds at Rockies areas, again indicative of their focus on vacation destination resorts.

Eastern and Midwestern areas depend heavily upon snowmaking. Divisions of terrain by difficulty appear rather standard all across the nation. This can be misleading as each ski area classifies their terrain in relation to other terrain at that area. What in Colorado may be more difficult (intermediate) might be most difficult (expert) in Wisconsin.

Variations in profitability are most evident when analyzing data on this geographic regional breakdown. Winter weather is the most significant factor, followed by population concentrations.

Table 52 summarizes the critical performance variable operating profit on GFA for each region over the past five seasons. Several regions improved in 1987-88: the Midwest region, the East and Ontario region, the Pacific Northwest, and Western Canada. New England and the Central Rockies had slight declines.

The Midwest area reported the best operating profit on GFA in 1987-88 – 12.9 percent. The East and Ontario region with 12.5 percent and Western Canada with 9.6 percent followed. This compares to 6.8 percent for the average area.

The East and Ontario area continued to show good performance for the fourth year in a row, as did the Midwest area for the third year. The Northern Rockies region improved over last year, but the New England region and Central Rockies declined.

The California/Nevada region improved substantially from the 1986-87 poor snow year. The Pacific Northwest showed some improvement while Western Canada improved greatly.

TABLE 52

FIVE YEAR COMPARISON OPERATING PROFIT ON GFA

	1987-88	1986-87	1985-86	1984-85	1983-84
New England	8.8%	13.6%	8.1%	7.3%	9.8%
East & Ontario	12.5	12.4	10.7	3.7	8.6
Midwest	12.9	7.5	8.0	9.3	8.6
Central Rockies	0.9	4.3	2.2	8.3	9.6
Northern Rockies	4.0	2.1	0.6	5.0	2.8
California & Nevada	5.9	Loss	6.4	9.6	5.7
Pacific Northwest	9.4	8.4	3.9	5.8	4.2
Western Canada	9.6	3.5			
TOTAL SAMPLE	6.8%	4.9%	5.2%	7.1%	7.7%

TABLE 53

AVERAGE SKI AREA CHARACTERISTICS BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest	Western Canada
SIZE								
VTF/Hour (000)	8,967	4,275	1,826	12,651	6,977	11,773	7,915	4,918
Gross Fixed Assets (000)	$15,695	$8,512	$2,398	$18,766	$8,429	$16,404	$8,644	$8,012
Skiable Acres	221	121	75	727	1,174	1,404	1,554	492
Total Acres	1,332	951	302	3,010	2,819	2,445	2,446	1,851
LOCATION								
Within 50 Miles of SMSA	33%	39%	58%	26%	54%	50%	18%	45%
With 6+ Areas in 1 Hour	63%	28%	0%	21%	23%	56%	0%	10%
SITE CHARACTERISTICS								
Number of Beds at Base[a]	1,650	749	185	5,004	1,138	4,722	325	782
Number of Beds (10 Miles)[a]	4,008	7,572	1,188	7,815	2,941	8,512	819	1,685
With Snowmaking	100%	100%	92%	79%	31%	61%	18%	40%
With Night Skiing	44%	83%	92%	11%	38%	33%	82%	50%
Terrain: Beginner	26%	29%	29%	25%	19%	21%	20%	26%
Intermediate	51%	44%	50%	44%	48%	53%	47%	50%
Expert	23%	27%	21%	30%	34%	26%	32%	24%
BUSINESS CHARACTERISTICS								
Operating With USFS Permit	19%	0%	8%	89%	69%	83%	91%	0%
Engaged in Land Development	78%	61%	17%	37%	46%	11%	9%	40%
OPERATIONAL CHARACTERISTICS								
Average Days/Nights of Operation	129	123	130	114	119	118	148	140
Average Peak Day Crowd	5,626	5,225	2,343	6,789	3,667	6,415	6,250	3,147
Average Skier Visits (000)	269	196	66	345	164	279	244	147
Average Age of Ski Areas	33	26	28	31	29	28	27	25
ECONOMIC CHARACTERISTICS								
Average Revenue/Skier Visit	$22.14	$21.12	$17.49	$21.80	$17.58	$25.89	$15.52	$18.32
Avg. Lift Ticket Revenue/S-V	$17.29	$16.61	$11.41	$18.38	$15.03	$20.91	$12.28	$15.25
Avg. Adult Lift Ticket Price:								
(Weekend)	$26.14	$27.67	$18.81	$24.11	$19.58	$24.64	$18.23	$21.88
(Weekday)	$22.54	$21.47	$14.65	$23.79	$19.27	$24.08	$15.55	$20.55

TABLE 53 (Continued)

AVERAGE SKI AREA CHARACTERISTICS BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest	Western Canada
Average Night Ticket Price:								
(Weekend)	$15.56	$16.53	$12.57	$11.00	$ 8.60	$12.92	$11.56	$10.75
(Weekday)	$15.56	$15.07	$11.93	$12.00	$ 8.60	$12.33	$10.72	$11.05
Avg. Adult Season Ticket Price	$ 509	$ 385	$ 239	$ 508	$ 437	$ 470	$ 383	$ 370
Average Utilization	36.1%	56.1%	40.6%	33.9%	30.7%	25.3%	27.1%	32.2%
Average Profit (Loss) Before Tax	$ 901	$ 753	$ 221	$ (781)	$ (7)	$ 546	$ 641	$ 417
Ratio: Revenue/GFA	44.1%	52.6%	53.6%	41.7%	35.3%	45.4%	41.9%	37.2%
Base	(27)	(18)	(12)	(19)	(13)	(18)	(11)	(20)

[a] Average of those areas reporting beds.

TABLE 54

ECONOMIC RATIOS–BY GEOGRAPHIC LOCATION

	Key	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest	Western Canada
VTF/Hour (000)	A	8,967	4,275	1,826	12,651	6,977	11,773	7,915	4,918
VTF/Hour - Demand/Skier Capacity	B	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Skier Capacity	C	5,978	2,850	1,217	8,434	4,651	7,849	5,276	3,278
Days/Nights of Operation	D	129	123	130	114	119	118	148	140
Season Capacity (000)	E	745	349	164	1,016	536	1,102	899	455
Day Season Capacity (000)		666	253	100	1,013	517	1,077	729	426
Night Season Capacity (000)		179	95	69	3	51	74	208	58
Actual Skier Visits (000)	F	269	196	66	345	164	279	244	147
Day Skier Visits (000)		239	159	48	344	158	282	210	153
Night Skier Visits (000)		67	57	20	6	17	18	41	16
Profit (Loss) Before Tax (000)	G	$ 901	$ 753	$ 221	$ (781)	$ (7)	$ 546	$ 641	$ 417
Plus: Depreciation (000)	H	$ 886	$ 561	$ 165	$ 1,321	$ 478	$ 1,103	$ 506	$ 391
Before Tax Cash Flow (000)	I	$ 1,787	$1,314	$ 386	$ 540	$ 471	$ 1,649	$1,146	$ 809
Operating Profit (Loss) (000)	J	$ 1,387	$1,066	$ 310	$ 174	$ 341	$ 966	$ 816	$ 765
Cash Operating Costs (000)	K	$ 4,652	$2,853	$ 810	$ 6,335	$2,159	$ 5,382	$2,298	$1,826
Gross Fixed Assets (000)	L	$15,695	$8,512	$2,398	$18,766	$8,429	$16,404	$8,644	$8,012
Long Term Debt (000)	M	$ 6,912	$3,545	$ 589	$10,823	$3,614	$ 3,415	$1,999	$5,904
Equity (000)	N	$ 5,196	$2,564	$ 467	$ 7,895	$2,239	$ 4,843	$3,579	$1,270
Critical Ratios									
1. Health (Debt to Cash Flow)		3.9X	2.7X	1.5X	20.0X	7.7X	2.1X	1.7X	7.3X
Profitability:									
2. Operating Profit on GFA		8.8%	12.5%	12.9%	0.9%	4.0%	5.9%	9.4%	9.6%
3. Profit (BT) on Equity		17.3%	29.4%	47.2%	-9.9%	-0.3%	11.3%	17.9%	32.9%
Performance:									
4. Average Utilization		36.1%	56.1%	40.6%	33.9%	30.7%	25.3%	27.1%	32.2%
Day Utilization		36.0%	62.8%	48.1%	33.9%	30.5%	26.2%	28.9%	35.9%
Night Utilization		37.7%	59.6%	29.4%	217.4%	33.6%	23.9%	19.8%	27.4%
5. Days/Nights of Operation		129	123	130	114	119	118	148	140

TABLE 54 (Continued)

ECONOMIC RATIOS BY GEOGRAPHIC LOCATION

Key	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest	Western Canada
Policy & Planning:								
6. Capital/Capacity Ratio	$2,625	$2,986	$1,970	$2,225	$1,812	$2,090	$1,638	$2,444
7. Operating Cost/Capacity Ratio	$ 6.24	$ 8.18	$ 4.95	$ 6.24	$ 4.03	$ 4.89	$ 2.56	$ 4.01
Revenue/Skier Visit: (Average of All Areas)								
Ski Lift Gross	$17.29	$16.61	$11.41	$18.38	$15.03	$20.91	$12.28	$15.25
Ski School Margin	$ .69	$ .67	$ .44	$ 1.18	$ .65	$ .66	$ .26	$ .46
Food Service Margin	$ 1.05	$ .89	$ .85	$ .95	$ .57	$ .69	$ .83	$ .72
Bar Margin	$ .55	$ .54	$ .98	$ .27	$ .16	$ .44	$ .51	$ .39
Ski Shop Margin	$ .82	$ .35	$ .39	$ .28	$ .26	$ 1.24	$ .46	$ .31
Ski Rental Margin	$ .79	$ 1.76	$ 2.50	$ .45	$ .46	$ .83	$ .62	$ .76
Other Margin	$ .05	$ .12	$ .42	$ .23	$ .05	$ .44	$ .06	$ .25
8. Total - Revenue/Skier Visit	$21.25	$20.94	$17.00	$21.75	$17.18	$25.21	$15.01	$18.16
Base	(27)	(18)	(12)	(19)	(13)	(18)	(11)	(20)

TABLE 55

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY GEOGRAPHIC LOCATION

	New England (000)	East & Ontario (000)	Midwest (000)	Central Rockies (000)	Northern Rockies (000)	California & Nevada (000)	Pacific Northwest (000)	Western Canada (000)
Gross Fixed Assets	$15,695	$8,512	$2,398	$18,766	$8,429	$16,404	$8,644	$8,012
Revenue:								
Ski Lift Gross - Winter	$ 4,657	$3,247	$ 759	$ 6,332	$2,472	$ 5,825	$2,995	$2,237
Ski Lift Gross - Summer	48	0	0	39	51	150	79	22
Supporting Margin - Winter	1,351	966	443	1,183	361	1,312	728	449
Supporting Margin - Summer	293	72	51	(47)	14	28	84	21
Year Round Margin	575	196	33	323	79	136	(265)	253
TOTAL REVENUE	$ 6,925	$4,480	$1,286	$ 7,830	$2,977	$ 7,451	$3,620	$2,982
Less:								
Ski Lift Direct Expense	$ 1,014	$ 711	$ 181	$ 1,910	$ 711	$ 1,277	$ 868	$ 789
Payroll Taxes	104	90	23	224	72	229	115	30
Property Operation	536	137	54	163	172	347	59	25
OPERATIONS MARGIN	$ 5,270	$3,542	$1,027	$ 5,533	$2,022	$ 5,598	$2,579	$2,138
Less:								
General & Administrative	$ 1,011	$ 490	$ 192	$ 1,025	$ 410	$ 1,586	$ 525	$ 371
Marketing (advertising, public relations, promotion, etc.)	607	240	72	694	208	444	219	199
Insurance (property, liability)	455	434	160	469	293	800	269	150
Land Use Fees (public)	87	1	1	183	42	139	103	50
Land Use Fees (private)	27	118	14	145	20	11	0	1
Property Taxes	89	51	24	184	64	155	63	40
Other Taxes (except income)	94	43	14	20	5	8	12	0
Snowmaking	391	449	62	184	39	214	1	68
Snow Removal	21	3	2	7	20	20	13	33
Miscellaneous	215	86	10	1,126	100	152	51	70
Depreciation & Amortization	886	561	165	1,321	478	1,103	506	391
OPERATING PROFIT (LOSS)	$ 1,387	$1,066	$ 310	$ 174	$ 341	$ 966	$ 816	$ 765
Less: Interest	486	313	90	955	347	420	176	348
PROFIT (LOSS) BEFORE TAX	$ 901	$ 753	$ 221	$ (781)	$ (7)	$ 546	$ 641	$ 417
Base	(27)	(18)	(12)	(19)	(13)	(18)	(11)	(20)

TABLE 56

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY GEOGRAPHIC LOCATION

	Percent of Gross Fixed Assets							
	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest	Western Canada
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:								
Ski Lift Gross - Winter	29.7%	38.1%	31.6%	33.7%	29.3%	35.5%	34.6%	27.9%
Ski Lift Gross - Summer	0.3	0.0	0.0	0.2	0.6	0.9	0.9	0.3
Supporting Margin - Winter	8.6	11.3	18.5	6.3	4.3	8.0	8.4	5.6
Supporting Margin - Summer	1.9	0.8	2.1	(0.2)	0.2	0.2	1.0	0.3
Year Round Margin	3.7	2.3	1.4	1.7	0.9	0.8	(3.1)	3.2
TOTAL REVENUE	44.1%	52.6%	53.6%	41.7%	35.3%	45.4%	41.9%	37.2%
Less:								
Ski Lift Direct Expense	6.5%	8.3%	7.6%	10.2%	8.4%	7.8%	10.0%	9.8%
Payroll Taxes	0.7	1.1	1.0	1.2	0.9	1.4	1.3	0.4
Property Operation	3.4	1.6	2.3	0.9	2.0	2.1	0.7	0.3
OPERATIONS MARGIN	33.6%	41.6%	42.8%	29.5%	24.0%	34.1%	29.8%	26.7%
Less:								
General & Administrative	6.4%	5.8%	8.0%	5.5%	4.9%	9.7%	6.1%	4.6%
Marketing (advertising, public relations, promotion, etc.)	3.9	2.8	3.0	3.7	2.5	2.7	2.5	2.5
Insurance (property, liability)	2.9	5.1	6.7	2.5	3.5	4.9	3.1	1.9
Land Use Fees (public)	0.6	0.0	0.0	1.0	0.5	0.9	1.2	0.6
Land Use Fees (private)	0.2	1.4	0.6	0.8	0.2	0.1	0.0	0.0
Property Taxes	0.6	0.6	1.0	1.0	0.8	0.9	0.7	0.5
Other Taxes (except income)	0.6	0.5	0.6	0.1	0.1	0.1	0.1	0.0
Snowmaking	2.5	5.3	2.6	1.0	0.5	1.3	0.0	0.8
Snow Removal	0.1	0.0	0.1	0.0	0.2	0.1	0.1	0.4
Miscellaneous	1.4	1.0	0.4	6.0	1.2	0.9	0.6	0.9
Depreciation & Amortization	5.6	6.6	6.9	7.0	5.7	6.7	5.9	4.9
OPERATING PROFIT (LOSS)	8.8%	12.5%	12.9%	0.9%	4.0%	5.9%	9.4%	9.6%
Less: Interest	3.1	3.7	3.7	5.1	4.1	2.6	2.0	4.3
PROFIT (LOSS) BEFORE TAX	5.7%	8.8%	9.2%	(4.2)%	(0.1)%	3.3%	7.4%	5.2%
Base	(27)	(18)	(12)	(19)	(13)	(18)	(11)	(20)

TABLE 57

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY GEOGRAPHIC LOCATION

	Percent of Revenue							
	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest	Western Canada
Revenue:								
Ski Lift Gross - Winter	67.3%	72.5%	59.0%	80.9%	83.0%	78.2%	82.7%	75.0%
Ski Lift Gross - Summer	0.7	0.0	0.0	0.5	1.7	2.0	2.2	0.7
Supporting Margin - Winter	19.5	21.6	34.5	15.1	12.1	17.6	20.1	15.1
Supporting Margin - Summer	4.2	1.6	4.0	(0.6)	0.5	0.4	2.3	0.7
Year Round Margin	8.3	4.4	2.6	4.1	2.6	1.8	(7.3)	8.5
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less:								
Ski Lift Direct Expense	14.6%	15.9%	14.1%	24.4%	23.9%	17.1%	24.0%	26.5%
Payroll Taxes	1.5	2.0	1.8	2.9	2.4	3.1	3.2	1.0
Property Operation	7.7	3.1	4.2	2.1	5.8	4.7	1.6	0.9
OPERATIONS MARGIN	76.1%	79.1%	79.9%	70.7%	67.9%	75.1%	71.2%	71.7%
Less:								
General & Administrative	14.6%	10.9%	15.0%	13.1%	13.8%	21.3%	14.5%	12.4%
Marketing (advertising, public relations, promotion, etc.)	8.8	5.4	5.6	8.9	7.0	6.0	6.1	6.7
Insurance (property, liability)	6.6	9.7	12.4	6.0	9.9	10.7	7.4	5.0
Land Use Fees (public)	1.3	0.0	0.1	2.3	1.4	1.9	2.8	1.7
Land Use Fees (private)	0.4	2.6	1.1	1.9	0.7	0.2	0.0	0.0
Property Taxes	1.3	1.1	1.9	2.4	2.2	2.1	1.7	1.3
Other Taxes (except income)	1.4	1.0	1.1	0.3	0.2	0.1	0.3	0.0
Snowmaking	5.6	10.0	4.8	2.3	1.3	2.9	0.0	2.3
Snow Removal	0.3	0.1	0.1	0.1	0.7	0.3	0.4	1.1
Miscellaneous	3.1	1.9	0.8	14.4	3.4	2.0	1.4	2.3
Depreciation & Amortization	12.8	12.5	12.9	16.9	16.0	14.8	14.0	13.1
OPERATING PROFIT (LOSS)	20.0%	23.8%	24.1%	2.2%	11.4%	13.0%	22.5%	25.7%
Less: Interest	7.0	7.0	7.0	12.2	11.7	5.6	4.9	11.7
PROFIT (LOSS) BEFORE TAX	13.0%	16.8%	17.2%	(10.0)%	(0.2)%	7.3%	17.7%	14.0%
Base	(27)	(18)	(12)	(19)	(13)	(18)	(11)	(20)

TABLE 58

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest	Western Canada
SKI LIFT GROSS:								
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:								
Ski Lift Payroll	4.6%	4.3%	6.6%	6.4%	5.0%	4.4%	7.4%	5.6%
Ski Patrol Payroll	1.7	1.4	0.7	3.2	3.8	2.0	2.6	2.3
Slope Maintenance Payroll	1.8	1.1	1.6	3.1	1.9	2.4	1.8	2.2
Maintenance & Repair Payroll	2.5	2.8	3.8	2.9	3.0	4.0	3.3	5.0
Ticket Sales Payroll	1.2	0.5	1.2	1.5	1.6	1.1	1.2	1.7
Other Payroll	1.1	0.2	0.5	1.2	1.2	0.8	1.2	1.9
TOTAL PAYROLL	12.8%	10.2%	14.3%	18.2%	16.5%	14.8%	17.5%	18.7%
PAYROLL TAXES	2.2%	2.5%	2.8%	3.6%	2.6%	4.5%	3.6%	1.3%
OTHER DIRECT	7.7%	8.6%	6.4%	11.7%	9.9%	10.7%	7.7%	12.1%
TOTAL DIRECT	22.7%	21.3%	23.5%	33.5%	28.9%	30.0%	28.9%	32.1%
GROSS MARGIN	77.3%	78.7%	76.5%	66.5%	71.1%	70.0%	71.1%	67.9%
Base	(21)	(11)	(7)	(13)	(9)	(12)	(8)	(17)

TABLE 59

AVERAGE SKI AREA FINANCIAL DATA - BALANCE SHEET BY GEOGRAPHIC LOCATION

	New England (000)	East & Ontario (000)	Midwest (000)	Central Rockies (000)	Northern Rockies (000)	California & Nevada (000)	Pacific Northwest (000)	Western Canada (000)
Assets								
Current Assets	$ 3,020	$1,314	$ 282	$ 3,285	$1,167	$1,327	$1,142	$1,036
Gross Fixed Assets	15,837	8,777	2,398	20,806	9,033	16,404	9,068	8,333
Less: Depreciation	(4,926)	(3,675)	(1,367)	(7,805)	(4,034)	(9,223)	(4,173)	(2,303)
Other Assets	$ 1,737	$ 527	$ 57	$ 5,572	$1,122	$1,214	$ 547	$ 948
TOTAL ASSETS	$15,668	$6,943	$1,370	$21,858	$7,288	$9,722	$6,584	$8,014
Liabilities & Net Worth								
Current Liabilities	$ 2,810	$ 610	$ 298	$ 1,548	$1,359	$1,239	$ 781	$ 472
Long-Term Debt	5,440	3,430	366	10,461	3,509	2,822	1,944	3,567
Subordinated Debt	1,472	115	223	362	106	593	55	2,337
Deferred Taxes	236	197	15	58	75	30	142	171
Other Liabilities	514	27	0	1,533	2	195	84	197
Net Worth								
Invested	3,088	688	290	7,778	2,663	3,115	982	2,469
Retained Earnings	2,156	2,020	308	217	(406)	1,734	2,601	(1,199)
Less: Treasury Stock	(48)	(144)	(130)	(99)	(18)	(5)	(5)	(0)
TOTAL LIABILITIES & NET WORTH	$15,668	$6,943	$1,370	$21,858	$7,288	$9,722	$6,584	$8,014
Base	(27)	(17)	(11)	(17)	(12)	(18)	(10)	(19)

TABLE 60

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
NEW ENGLAND SKI AREAS, 1987-88

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON:								
Ski Lift Dept.	$17.29	100.0%	-- %	12.9%	7.6%	2.1%	77.4%	(27)
Ski School	1.70	100.0%	-	42.4	7.2	6.9	43.6	(25)
Food Service	4.40	100.0%	30.6	23.9	13.1	3.6	28.8	(19)
Bar	1.46	100.0%	25.4	13.4	8.6	1.9	50.6	(18)
Retail	3.58	100.0%	52.3	8.6	3.0	1.6	34.5	(15)
Rental	1.34	100.0%	9.1[b]	16.9	4.7	3.1	66.1	(23)
Accommodations	-	100.0%	-	27.9	27.3	5.4	39.4	(16)
Other	.85	100.0%	8.5	41.8	35.2	7.8	6.6	(24)
	$30.62							
YEAR ROUND:								
Real Estate		100.0%	47.6	3.3	3.0	0.4	45.7	(13)
Utility		100.0%	-	38.1	49.0	9.2	3.7	(5)
Miscellaneous		100.0%	0.9	51.7	25.7	4.9	16.8	(13)
SUMMER SEASON:								
Lift Department		100.0%	-	75.4	39.7	15.8	(30.8)	(11)
Food Service		100.0%	32.4	36.2	13.8	4.7	12.9	(15)
Retail		100.0%	35.9	19.7	23.2	3.4	17.8	(11)
Sports		100.0%	-	40.2	31.6	6.2	22.0	(7)
Accommodations		100.0%	-	37.9	27.8	6.9	27.4	(13)
Slide		100.0%	-	18.9	9.1	3.1	68.9	(6)
Other		100.0%	9.3	32.4	56.7	7.6	(5.9)	(15)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA DEPARTMENTAL MARGIN
EAST & ONTARIO SKI AREAS, 1987-88

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON:								
Ski Lift Dept.	$16.61	100.0%	- %	12.0%	8.6%	2.7%	76.7%	(18)
Ski School	1.55	100.0%	-	39.1	6.5	8.8	45.6	(17)
Food Service	3.61	100.0%	33.8	21.8	10.2	4.4	29.8	(13)
Bar	1.76	100.0%	22.5	15.1	10.0	1.9	50.5	(18)
Retail	1.79	100.0%	58.4	9.1	4.5	1.0	27.0	(6)
Rental	2.50	100.0%	8.2[b]	13.9	2.7	2.8	72.4	(16)
Accommodations	-	100.0%	-	21.5	24.5	2.9	51.1	(7)
Other	.35	100.0%	1.0	48.7	13.1	10.6	26.6	(16)
	$28.17							
YEAR ROUND:								
Real Estate		100.0%	-	-	-	-	100.0	(2)
Utility		100.0%	-	36.9	24.0	7.7	31.4	(3)
Miscellaneous		100.0%	8.7	13.2	5.0	2.5	70.7	(11)
SUMMER SEASON:								
Lift Department		-	-	-	-	-	-	(0)
Food Service		100.0%	35.5	21.7	25.8	4.2	12.7	(4)
Retail		100.0%	56.3	24.2	5.1	-	14.4	(1)
Sports		100.0%	-	78.1	74.9	6.8	(59.8)	
Accommodations		100.0%	-	23.1	19.2	0.7	57.0	(2)
Slide		100.0%	-	32.2	13.9	7.1	46.8	(3)
Other		100.0%	-	9.6	214.8	2.6	(127.0)	(4)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA DEPARTMENTAL MARGIN
MIDWEST SKI AREAS, 1987-88

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON:								
Ski Lift Dept.	$11.41	100.0%	- %	16.2%	7.7%	3.1%	73.0%	(12)
Ski School	1.01	100.0%	-	35.2	15.7	6.0	43.2	(11)
Food Service	3.22	100.0%	34.9	26.7	6.6	5.9	26.0	(12)
Bar	2.16	100.0%	22.4	12.1	8.2	2.6	54.7	(10)
Retail	1.71	100.0%	51.8	13.3	4.8	1.4	28.7	(7)
Rental	3.45	100.0%	9.7[b]	11.3	4.4	2.1	72.6	(12)
Accommodations	-	100.0%	-	18.0	40.5	4.5	37.0	(6)
Other	.38	100.0%	2.9	9.4	5.8	1.1	80.9	(11)
	$23.34							
YEAR ROUND:								
Real Estate		-	-	-	-	-	-	(0)
Utility		-	-	-	-	-	-	(0)
Miscellaneous		114.8%	-	0.3	4.7	-	109.9	(7)
SUMMER SEASON:								
Lift Department		-	-	-	-	-	-	(0)
Food Service		100.0%	50.1	35.0	15.1	13.3	(13.4)	(5)
Retail		100.0%	-	-	-	-	-	(0)
Sports		100.0%	-	7.7	15.8	1.1	75.5	(3)
Accommodations		100.0%	-	13.2	60.3	4.9	21.6	(3)
Slide		100.0%	-	81.8	127.3	36.4	(145.5)	(1)
Other		100.0%	-	31.5	14.6	3.8	50.0	(2)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA DEPARTMENTAL MARGIN CENTRAL ROCKIES SKI AREAS, 1987-88

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON:								
Ski Lift Dept.	$18.38	100.0%	- %	18.1%	11.0%	3.4%	67.5%	(19)
Ski School	3.04	100.0%	-	48.0	4.8	8.3	38.9	(19)
Food Service	3.93	100.0%	27.2	27.9	12.7	4.4	27.9	(16)
Bar	.93	100.0%	24.8	22.1	8.8	3.2	41.1	(13)
Retail	1.07	100.0%	52.4	12.6	6.3	2.7	26.1	(19)
Rental	.99	100.0%	13.7[b]	21.1	8.6	4.1	52.5	(15)
Accommodations	-	100.0%	-	43.6	35.4	10.3	10.7	(4)
Other	.98	100.0%	3.8	46.9	15.6	8.8	24.9	(17)
	$29.32							
YEAR ROUND:								
Real Estate		100.0%	75.6	3.8	6.2	0.7	13.8	(5)
Utility		100.0%	-	43.8	200.0	5.9	(149.7)	(2)
Miscellaneous		100.0%	-	7.4	12.0	1.1	79.5	(12)
SUMMER SEASON:								
Lift Department		100.0%	-	108.5	65.5	22.2	(96.2)	(6)
Food Service		100.0%	27.3	54.2	37.0	9.3	(27.8)	(8)
Retail		100.0%	67.4	20.1	12.8	3.8	(4.1)	(3)
Sports		100.0%	-	36.5	47.7	6.5	9.2	(4)
Accommodations		100.0%	-	114.2	61.2	17.6	(93.0)	(2)
Slide		100.0%	-	31.5	11.6	7.3	49.6	(2)
Other		100.0%	25.2	127.1	100.0	28.0	(180.4)	(5)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA DEPARTMENTAL MARGIN NORTHERN ROCKIES SKI AREAS, 1987-88

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON:								
Ski Lift Dept.	$15.03	100.0%	- %	16.8%	9.9%	2.7%	70.6%	(13)
Ski School	2.34	100.0%	-	46.8	9.8	8.0	35.4	(10)
Food Service	2.86	100.0%	35.6	27.1	12.1	5.3	19.8	(9)
Bar	.60	100.0%	33.1	17.1	17.5	3.1	29.2	(7)
Retail	.73	100.0%	51.3	7.5	4.8	1.3	35.1	(7)
Rental	1.13	100.0%	15.0[b]	18.3	5.7	3.8	57.2	(8)
Accommodations	-	100.0%	-	21.8	72.5	3.7	1.9	(3)
Other	.40	100.0%	6.3	49.2	26.7	8.2	9.5	(12)
	$23.09							
YEAR ROUND:								
Real Estate		100.0%	64.3	-	5.2	-	30.5	(2)
Utility		100.0%	-	51.5	47.5	13.1	(12.1)	(2)
Miscellaneous		100.0%	-	-	-	-	-	(0)
SUMMER SEASON:								
Lift Department		100.0%	-	56.4	45.1	10.8	(12.3)	(7)
Food Service		100.0%	33.5	67.8	5.4	10.5	(17.1)	(5)
Retail		100.0%	50.0	-	-	-	50.0	(1)
Sports		-	-	-	-	-	-	(0)
Accommodations		100.0%	-	50.0	100.0	-	(50.0)	(1)
Slide		100.0%	-	18.6	6.4	2.9	72.1	(1)
Other		100.0%	-	363.7	181.8	50.0	(495.5)	(3)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN CALIFORNIA/NEVADA SKI AREAS, 1987-88

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON:								
Ski Lift Dept.	$20.91	100.0%	- %	13.5%	7.5%	3.8%	75.3%	(18)
Ski School	1.98	100.0%	-	47.2	3.8	12.3	36.8	(16)
Food Service	3.14	100.0%	37.7	29.8	4.7	6.0	21.9	(16)
Bar	1.00	100.0%	23.7	14.9	3.7	2.8	55.0	(12)
Retail	3.34	100.0%	38.3	7.2	1.9	1.4	51.2	(12)
Rental	1.57	100.0%	14.1[b]	20.8	3.2	3.8	58.0	(16)
Accommodations	-	100.0%	-	31.8	18.0	6.0	44.1	(7)
Other	.92	100.0%	1.3	28.8	12.1	6.4	51.4	(16)
	$32.86							
YEAR ROUND:								
Real Estate		100.0%	63.5	7.0	1.4	1.2	26.8	(2)
Utility		100.0%	-	30.9	148.7	3.9	(83.6)	(2)
Miscellaneous		100.0%	2.6	8.2	4.5	1.9	82.8	(8)
SUMMER SEASON:								
Lift Department		100.0%	-	26.6	11.1	6.0	56.3	(6)
Food Service		100.0%	36.6	60.0	10.6	12.8	(20.1)	(4)
Retail		100.0%	34.8	15.1	2.2	2.7	45.2	(4)
Sports		100.0%	-	21.9	15.6	5.9	56.6	(1)
Accommodations		100.0%	-	70.2	33.6	18.1	(21.9)	(4)
Slide		-	-	-	-	-	-	(0)
Other		100.0%	2.1	28.8	46.9	7.0	15.2	(4)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN PACIFIC NORTHWEST SKI AREAS, 1987-88

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON:								
Ski Lift Dept.	$12.28	100.0%	- %	18.3%	8.3%	3.5%	69.9%	(11)
Ski School	.93	100.0%	-	50.2	14.0	8.5	27.3	(10)
Food Service	2.51	100.0%	27.4	21.9	14.5	3.9	32.2	(11)
Bar	1.30	100.0%	21.7	17.0	9.4	3.6	48.2	(9)
Retail	1.59	100.0%	46.3	11.6	1.5	2.6	37.9	(8)
Rental	1.47	100.0%	11.6[b]	18.3	10.1	3.2	56.7	(8)
Accommodations	-	100.0%	-	16.5	10.6	3.1	69.8	(2)
Other	.47	100.0%	1.3	41.0	34.8	7.7	15.2	(9)
	$20.55							
YEAR ROUND:								
Real Estate		-	-	-	-	-	-	(0)
Utility		100.0%	-	235.8	430.1	28.3	(594.2)	(2)
Miscellaneous		100.0%	-	152.5	223.5	24.6	(300.6)	(7)
SUMMER SEASON:								
Lift Department		100.0%	-	71.7	20.0	12.6	(4.3)	(3)
Food Service		100.0%	29.7	29.1	11.1	5.2	24.9	(4)
Retail		100.0%	48.8	11.3	2.6	2.0	35.3	(2)
Sports		100.0%	-	91.8	55.1	18.4	(65.3)	(2)
Accommodations		100.0%	-	16.5	9.5	2.9	71.2	(2)
Slide		-	-	-	-	-	-	(0)
Other		100.0%	-	100.0	160.0	20.0	(180.0)	(1)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN WESTERN CANADA, 1987-88

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON:								
Ski Lift Dept.	$15.25	100.0%	- %	19.0%	12.7%	1.2%	67.1%	(20)
Ski School	1.53	100.0%	-	51.5	9.6	4.1	34.8	(17)
Food Service	2.92	100.0%	40.7	26.3	8.3	1.5	23.2	(19)
Bar	1.53	100.0%	38.2	22.7	8.1	1.1	30.0	(16)
Retail	1.78	100.0%	59.2	11.7	4.5	1.0	23.6	(11)
Rental	1.95	100.0%	16.2[b]	22.7	3.3	1.8	56.1	(13)
Accommodations	-	100.0%	-	31.1	45.6	1.5	21.8	(6)
Other	.80	100.0%	4.1	30.6	24.1	1.9	39.4	(16)
	$25.76							
YEAR ROUND:								
Real Estate		100.0%	1.7	-	35.9	-	62.4	(4)
Utility		100.0%	-	97.1	133.3	1.4	(131.9)	(3)
Miscellaneous		100.0%	-	2.1	6.4	-	91.5	(12)
SUMMER SEASON:								
Lift Department		100.0%	-	187.0	182.6	11.8	(281.5)	(4)
Food Service		100.0%	43.2	50.2	14.0	3.1	(10.5)	(4)
Retail		100.0%	56.9	35.8	5.5	1.8	-	(3)
Sports		-	-	-	-	-	-	(0)
Accommodations		100.0%	-	21.4	44.6	1.1	32.9	(2)
Slide		100.0%	-	-	-	-	-	(0)
Other		100.0%	3.4	26.1	41.3	2.2	27.0	(5)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

VIII

CHARACTERISTICS BY SIZE; DAY, WEEKEND, AND VACATION SKI AREAS; AND LENGTH OF SKI SEASON

Several additional computer runs provide the same data by other distinct categories. This chapter presents this data with a brief discussion of relevant findings. Because of the large number of tables, they follow the text.

Characteristics by Size

Tables 61 through 67 contain all the various statistics by ski area size. Categories divide ski areas by total VTF/hour into five increments. The category "under 2,500" contains the smallest areas while "10,000+" has the giants.

Characteristics by Day, Weekend, Vacation and Weekend Only Areas

Tables 68 through 74 contain the statistics by ski area type. This category refers to areas designed to serve different markets. Areas may be defined as day use oriented where skiers commute from home for the day; weekend use oriented where skiers typically spend one or two overnights at the areas, typically on weekend outings; and vacation use oriented where average stays are four days or more. Operating profit on GFA is best this year at weekend areas. Weekend areas also reported the highest profit before taxes. The vacation areas showed the largest revenue per skier visit; however, they recorded a loss.

Characteristics by Length of Ski Season

Ski areas are characteristically high fixed cost operations with heavy investment in fixed assets and a relatively short operating season. Thus the length of the ski season tends to be a critical variable to profitability. Table 76 shows this information and is set up by days an area was open during the season. Days/nights of operation figures shown in these tables are the equivalent days/nights of full operation as discussed in Table 15. This explains why areas under the "less than 80 days" can equal 97. These areas were open an average of 70 actual days but with their night operations this was equivalent to 97 days of full operation.

TABLE 61

AVERAGE SKI AREA CHARACTERISITICS—BY SIZE (000 VTF/HOUR)

	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
SIZE					
VTF/Hour (000)	1,559	3,087	4,744	7,527	18,343
Gross Fixed Assets (000)	$3,053	$4,240	$7,121	$11,361	$27,584
Skiable Acres	101	283	489	575	1,570
Total Acres	316	868	1,790	1,477	4,358
LOCATION					
Within 50 Miles of SMSA	60%	30%	33%	50%	21%
With 6+ Areas in 1 Hour	13%	15%	24%	44%	42%
New England	13%	10%	19%	24%	27%
East	10%	30%	24%	12%	0%
Midwest	33%	10%	0%	0%	0%
Central Rockies	7%	15%	5%	12%	27%
Northern Rockies	3%	5%	10%	21%	6%
California & Nevada	7%	5%	14%	15%	21%
Pacific Northwest	3%	15%	10%	3%	12%
Western Canada	23%	10%	19%	15%	6%
SITE CHARACTERISTICS					
Number of Beds at Base[a]	292	369	692	990	4,720
Number of Beds (10 Miles)[a]	1,384	1,201	6,278	3,833	10,052
With Snowmaking	83%	50%	62%	65%	79%
With Night Skiing	77%	70%	57%	41%	21%
Terrain: Beginner	29%	25%	23%	25%	22%
Intermediate	49%	49%	51%	48%	48%
Expert	23%	27%	26%	28%	30%
BUSINESS CHARACTERISTICS					
Operating With USFS Permit	13%	35%	33%	53%	64%
Engaged in Land Development	17%	35%	52%	44%	61%
OPERATIONAL CHARACTERISTICS					
Average Days/Nights of Operation	131	125	118	125	132
Average Peak Day Crowd	1,863	3,180	4,006	4,076	9,748
Average Skier Visits (000)	67	121	148	219	482
Average Age of Ski Areas	26 years	27 years	26 years	34 years	29 years
ECONOMIC CHARACTERISTICS					
Average Revenue/Skier Visit	$15.17	$17.79	$18.81	$18.98	$23.08
Average Lift Ticket Revenue/S-V	$10.83	$13.14	$15.22	$16.14	$19.29
(Weekend)	$18.37	$22.38	$24.05	$24.00	$27.39
(Weekday)	$16.18	$17.61	$20.91	$21.61	$26.52
Average Night Ticket Price:					
(Weekend)	$13.30	$13.75	$13.25	$13.96	$11.57
(Weekday)	$12.46	$12.54	$13.17	$13.77	$11.57
Average Adult Season Ticket Price	$ 273	$ 337	$ 395	$ 470	$ 600
Average Utilization	49.7%	46.7%	39.6%	34.8%	29.0%
Avg. Profit (Loss) Before Tax (000)	$ 54	$ 350	$ 324	$ 510	$ 548
Ratio: Revenue/GFA	41.5%	54.9%	44.1%	40.9%	43.5%
Base	(30)	(20)	(21)	(34)	(33)

[a] For those areas reporting beds.

TABLE 62

ECONOMIC RATIOS BY SIZE (000) VTF/HOUR)

	Key	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
VTF/Hour (000)	A	1,559	3,087	4,744	7,527	18,343
VTF/Hour - Demand/Skier Visit	B	1,500	1,500	1,500	1,500	1,500
Skier Capacity	C	1,039	2,058	3,163	5,018	12,229
Days/Nights of Operation	D	131	125	118	125	132
Season Capacity (000)	E	134	259	375	630	1,665
Day Ski Capacity (000)		94	192	325	562	1,607
Night Ski Capacity (000)		40	96	50	68	58
Actual Skier Visits (000)	F	67	121	148	219	482
Day Ski Visits (000)		53	98	127	205	468
Night Ski Visits (000)		21	39	37	54	65
Profit (Loss) Before Tax (000)	G	$ 54	$ 350	$ 324	$ 510	$ 548
Plus: Depreciation (000)	H	$ 166	$ 267	$ 396	$ 648	$ 1,814
Before Tax Cash Flow (000)	I	$ 220	$ 617	$ 719	$ 1,158	$ 2,362
Operating Profit (Loss) (000)	J	$ 139	$ 453	$ 615	$ 873	$ 1,634
Cash Operating Costs (000)	K	$ 961	$1,610	$2,130	$ 3,126	$ 8,536
Gross Fixed Assets (000)	L	$3,053	$4,240	$7,121	$11,361	$27,584
Long Term Debt (000)	M	$ 976	$ 967	$3,274	$ 4,043	$12,822
Equity (000)	N	$ 751	$1,012	$1,660	$ 2,963	$ 9,982
Critical Ratios						
1. Health (Debt to Cash Flow)		4.4X	1.6X	4.6X	3.5X	5.4X
Profitability:						
2. Operating Profit on GFA		4.6%	10.7%	8.6%	7.7%	5.9%
3. Profit (BT) on Equity		7.2%	34.6%	19.5%	17.2%	5.5%
Performance:						
4. Average Utilization		49.7%	46.7%	39.6%	34.8%	29.0%
Day Utilization		56.5%	50.9%	39.1%	36.6%	29.1%
Night Utilization		52.3%	40.7%	74.2%	79.2%	112.3%
5. Days/Nights of Operation		131	125	118	125	132
Policy & Planning:						
6. Capital/Capacity Ratio		$2,937	$2,060	$2,252	$2,264	$2,256
7. Operating/Capacity		$ 7.18	$ 6.21	$ 5.68	$ 4.96	$ 5.13
Revenue/Skier Visit: (Average of All Areas)						
Ski Lift Gross		$10.83	$13.14	$15.22	$16.14	$19.29
Ski School Margin		$ .73	$ .99	$ .56	$ .36	$ .87
Food Service Margin		$ .62	$ .60	$ .74	$ .86	$ .96
Bar Margin		$ .43	$ .60	$ .57	$ .45	$ .39
Ski Shop Margin		$ .45	$ .31	$ .46	$ .42	$ .76
Ski Rental Margin		$ 1.73	$ 1.81	$ 1.29	$ .66	$ .58
Other Margin		$ .37	$ .33	$ (.03)	$ .08	$ .24
8. Total - Revenue/Skier Visit		$15.17	$17.79	$18.81	$18.98	$23.08
Base		(30)	(20)	(21)	(34)	(33)

TABLE 63

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY SIZE (000 VTF/HOUR)

	Under 2,500 (000)	2,500 - 3,999 (000)	4,000 - 5,499 (000)	5,000 - 9,999 (000)	10,000+ (000)
Gross Fixed Assets	$3,053	$4,240	$7,121	$11,361	$27,584
Revenue:					
Ski Lift Gross - Winter	$ 721	$1,591	$2,258	$ 3,541	$ 9,303
Ski Lift Gross - Summer	2	2	35	32	145
Supporting Margin - Winter	413	599	631	697	1,989
Supporting Margin - Summer	106	132	62	114	(1)
Year Round Margin	24	6	154	264	549
TOTAL REVENUE	$1,266	$2,330	$3,140	$ 4,648	$11,985
Less:					
Ski Lift Direct Expense	$ 258	$ 438	$ 508	$ 1,006	$ 2,266
Payroll Taxes	21	50	54	115	280
Property Operation	52	103	99	238	501
OPERATIONS MARGIN	$ 935	$1,739	$2,479	$ 3,289	$ 8,938
Less:					
General & Administrative	$ 193	$ 359	$ 574	$ 547	$ 1,860
Marketing (advertising, public relations, promotion, etc.)	97	139	199	329	933
Insurance (property, liability)	120	222	293	430	797
Land Use Fees (public)	4	25	43	63	224
Land Use Fees (private)	8	51	36	21	107
Property Taxes	20	25	36	80	233
Other Taxes (except income)	7	26	19	9	85
Snowmaking	82	127	201	192	389
Snow Removal	13	5	21	7	30
Miscellaneous	86	40	46	90	832
Depreciation & Amortization	166	267	396	648	1,814
OPERATING PROFIT (LOSS)	$ 139	$ 453	$ 615	$ 873	$ 1,634
Less: Interest	85	103	291	363	1,086
PROFIT (LOSS) BEFORE TAX	$ 54	$ 350	$ 324	$ 510	$ 548
Base	(30)	(20)	(21)	(34)	(33)

TABLE 64

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT BY SIZE (000 VTF/HOUR)

	Percent of Gross Fixed Assets				
	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:					
Ski Lift Gross - Winter	23.6%	37.5%	31.7%	31.2%	33.7%
Ski Lift Gross - Summer	0.1	0.1	0.5	0.3	0.5
Supporting Margin - Winter	13.5	14.1	8.9	6.1	7.2
Supporting Margin - Summer	3.5	3.1	0.9	1.0	0.0
Year Round Margin	0.8	0.1	2.1	2.3	2.1
TOTAL REVENUE	41.5%	54.9%	44.1%	40.9%	43.5%
Less:					
Ski Lift Direct Expense	8.4%	10.3%	7.1%	8.9%	8.2%
Payroll Taxes	0.7	1.2	0.8	1.0	1.0
Property Operation	1.8	2.4	1.4	2.0	1.9
OPERATIONS MARGIN	30.6%	41.0%	34.8%	29.0%	32.4%
Less:					
General & Administrative	6.3%	8.5%	8.1%	4.8%	6.7%
Marketing (advertising, public relations, promotion, etc.)	3.2	3.3	2.8	2.9	3.4
Insurance (property, liability)	3.9	5.2	4.1	3.8	2.9
Land Use Fees (public)	0.1	0.6	0.6	0.6	0.8
Land Use Fees (private)	0.3	1.2	0.5	0.2	0.4
Property Taxes	0.6	0.6	0.5	0.7	0.8
Other Taxes (except income)	0.2	0.6	0.3	0.1	0.3
Snowmaking	2.7	3.0	2.8	1.7	1.4
Snow Removal	0.4	0.1	0.3	0.1	0.1
Miscellaneous	2.9	0.9	0.6	0.7	3.1
Depreciation & Amortization	5.4	6.3	5.6	5.7	6.6
OPERATING PROFIT (LOSS)	4.6%	10.7%	8.6%	7.7%	5.9%
Less: Interest	2.8	2.5	4.1	3.2	3.9
PROFIT (LOSS) BEFORE TAX	1.8%	8.2%	4.5%	4.5%	2.0%
Base	(30)	(20)	(21)	(34)	(33)

TABLE 65

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT BY SIZE (000 VTF/HOUR)

	Percent of Revenue				
	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
Revenue:					
Ski Lift Gross - Winter	56.9%	68.3%	71.9%	76.2%	77.6%
Ski Lift Gross - Summer	0.1	0.1	1.1	0.7	1.2
Supporting Margin - Winter	32.6	25.7	20.1	15.0	16.6
Supporting Margin - Summer	8.4	5.7	2.0	2.5	0.0
Year Round Margin	2.0	0.2	4.9	5.6	4.6
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%
Less:					
Ski Lift Direct Expense	20.4%	18.8%	16.2%	21.7%	18.9%
Payroll Taxes	1.7	2.2	1.7	2.5	2.3
Property Operation	4.1	4.3	3.2	5.0	4.2
OPERATIONS MARGIN	73.8%	74.7%	78.9%	70.8%	74.6%
Less:					
General & Administrative	15.2%	15.4%	18.3%	11.8%	15.5%
Marketing (advertising, public relations, promotion, etc.)	7.7	6.0	6.4	7.1	7.8
Insurance (property, liability)	9.5	9.5	9.3	9.3	6.6
Land Use Fees (public)	0.3	1.1	1.4	1.3	1.9
Land Use Fees (private)	0.6	2.2	1.2	0.4	0.9
Property Taxes	1.6	1.1	1.1	1.7	1.9
Other Taxes (except income)	0.5	1.1	0.6	0.2	0.7
Snowmaking	6.4	5.5	6.4	4.1	3.2
Snow Removal	1.0	0.2	0.7	0.1	0.3
Miscellaneous	6.9	1.7	1.3	2.1	7.1
Depreciation & Amortization	13.1	11.5	12.6	13.9	15.1
OPERATING PROFIT (LOSS)	11.0%	19.4%	19.6%	18.8%	13.6%
Less: Interest	6.7	4.4	9.3	7.8	9.0
PROFIT (LOSS) BEFORE TAX	4.3%	15.0%	10.3%	11.0%	4.6%
Base	(30)	(20)	(21)	(34)	(33)

TABLE 66

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN BY SIZE (000 VTF/HOUR)

	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
SKI LIFT GROSS:					
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:					
Ski Lift Payroll	7.8%	5.1%	5.5%	5.2%	5.2%
Ski Patrol Payroll	2.3	2.2	1.4	2.4	2.4
Slope Maintenance Payroll	1.9	1.7	1.3	2.0	2.4
Maintenance & Repair Payroll	4.5	2.7	3.7	3.8	2.9
Ticket Sales Payroll	2.5	1.2	0.9	1.1	1.3
Other Payroll	0.5	1.0	1.0	1.6	0.8
TOTAL PAYROLL	19.5%	13.9%	13.8%	16.1%	15.0%
PAYROLL TAXES	3.1%	2.5%	2.3%	3.1%	3.0%
OTHER DIRECT	10.7%	10.0%	7.8%	11.1%	9.5%
TOTAL DIRECT	33.3%	26.4%	23.9%	30.3%	27.5%
GROSS MARGIN	66.7%	73.6%	76.1%	69.7%	72.5%
Base	(17)	(15)	(15)	(24)	(27)

TABLE 67

AVERAGE SKI AREA FINANCIAL DATA—BALANCE SHEETS BY SIZE (000 VTF/HOUR)

	Under 2,500 (000)	2,500 - 3,999 (000)	4,000 - 5,499 (000)	5,500 - 9,999 (000)	10,000+ (000)
Assets					
Current Assets	$ 385	$1,125	$ 705	$ 1,404	$ 4,172
Gross Fixed Assets	3,206	4,372	7,121	11,341	27,584
Less: Depreciation	(1,675)	(1,892)	(2,401)	(4,728)	(10,773)
Other Assets	111	201	631	716	4,999
TOTAL ASSETS	$2,027	$3,806	$6,056	$ 8,733	$25,982
Liabilities & Net Worth					
Current Liabilities	$ 309	$1,519	$ 807	$ 1,091	$ 2,437
Long-Term Debt	808	689	2,574	3,686	10,697
Subordinated Debt	168	278	699	357	2,125
Deferred Taxes	8	18	65	335	116
Other Liabilities	43	290	414	314	683
Net Worth					
Invested	868	572	1,297	1,481	7,983
Retained Earnings	(117)	440	363	1,482	1,999
Less Treasury Stock	(60)	0	(163)	(13)	(58)
TOTAL LIABILITIES & NET WORTH	$2,027	$3,806	$6,056	$ 8,733	$25,982
Base	(26)	(18)	(21)	(33)	(33)

TABLE 68

AVERAGE SKI AREA CHARACTERISTICS—BY TYPE OF SKI AREA

	Day	Weekend	Vacation
SIZE			
VTF/Hour (000)	4,639	9,307	14,112
Gross Fixed Assets (000)	$6,356	$14,050	$23,157
Skiable Acres	449	697	1,126
Total Acres	1,079	1,579	4,083
LOCATION			
Within 50 Miles of SMSA	51%	33%	19%
With 6+ Areas in 1 Hour	23%	41%	38%
New England	14%	30%	25%
East	14%	19%	6%
Midwest	13%	7%	0%
Central Rockies	9%	11%	28%
Northern Rockies	9%	4%	16%
California & Nevada	15%	15%	6%
Pacific Northwest	11%	4%	3%
Western Canada	15%	11%	16%
SITE CHARACTERISTICS			
Number of Beds at Base[a]	362	2,535	3,211
Number of Beds (10 Miles)[a]	1,437	5,780	11,054
With Snowmaking	62%	78%	81%
With Night Skiing	61%	63%	16%
Terrain: Beginner	25%	26%	23%
Intermediate	49%	49%	47%
Expert	26%	25%	30%
BUSINESS CHARACTERISTICS			
Operating With USFS Permit	38%	37%	53%
Engaged in Land Development	32%	48%	63%
OPERATIONAL CHARACTERISTICS			
Average Days/Nights of Operation	124	137	126
Average Peak Day Crowd	3,666	6,099	7,612
Average Skier Visits (000)	141	274	386
Average Age of Ski Areas	28 years	31 years	29 years
ECONOMIC CHARACTERISTICS			
Average Revenue/Skier Visit	$17.22	$22.26	$22.99
Average Lift Ticket Revenue/S-V	$13.70	$18.66	$19.21
Avg. Adult Lift Ticket Price (Weekend)	$20.78	$26.52	$27.06
Avg. Adult Lift Ticket Price (Weekday)	$18.31	$22.21	$26.55
Average Night Ticket Price (Weekend)	$13.16	$14.12	$12.40
Average Night Ticket Price (Weekday)	$12.53	$13.53	$12.40
Average Adult Season Ticket Price	$ 351	$ 460	$ 587
Average Utilization	36.7%	29.1%	32.8%
Average Profit (Loss) Before Tax	$ 254	$1,299	$ (136)
Ratio: Revenue/GFA	40.6%	50.4%	41.7%
Base	(79)	(27)	(32)

[a] For those areas reporting beds.

TABLE 69

ECONOMIC RATIOS–BY TYPE OF SKI AREA

	Key	Day	Weekend	Vacation	Your Ski Area
VTF/Hour (000)	A	4,639	9,307	14,112	______
VTF/Hour - Demand/Skier Visit	B	1,500	1,500	1,500	______
Skier Capacity	C	3,093	6,205	9,408	______
Days/Nights of Operation	D	124	137	126	______
Season Capacity (000)	E	384	942	1,177	______
Day Season Capacity (000)		318	862	1,163	______
Night Season Capacity (000)		109	127	88	______
Actual Skier Visits (000)	F	141	274	386	______
Day Skier Visits (000)		123	257	393	______
Night Skier Visits (000)		40	41	18	______
Profit (Loss) Before Tax (000)	G	$ 254	$ 1,299	$ (136)	$______
Plus: Depreciation (000)	H	$ 351	$ 909	$ 1,507	$______
Before Tax Cash Flow (000)	I	$ 606	$ 2,209	$ 1,372	$______
Operating Profit (Loss) (000)	J	$ 434	$ 1,688	$ 935	$______
Cash Operating Costs (000)	K	$1,796	$ 4,490	$ 7,208	$______
Gross Fixed Assets (000)	L	$6,356	$14,050	$23,157	$______
Secured Debt (000)	M	$2,198	$ 5,674	$11,545	$______
Equity (000)	N	$1,875	$ 4,041	$ 8,257	$______
Critical Ratios					
1. Health (Debt to Cash Flow)		3.6X	2.6X	8.4%	______ X
Profitability:					
2. Operating Profit on GFA		6.8%	12.0%	4.0%	______ %
3. Profit (BT) on Equity		13.6%	32.2%	(1.6%)	______ %
Performance:					
4. Average Utilization		36.7%	29.1%	32.8%	______ %
Day Utilization		38.5%	29.9%	33.8%	______
Night Utilization		36.8%	32.4%	21.0%	______
5. Day/Nights of Operation		124	137	126	______
Policy & Planning:					
6. Capital/Capacity Ratio		$2,055	$2,264	$2,461	$______
7. Operating/Capacity Ratio		$ 4.67	$ 4.77	$ 6.13	$______
Revenue/Skier Visit:					
Ski Lift Gross		$13.70	$18.66	$19.21	$______
Ski School Margin		$ .57	$ .55	$ .95	$______
Food Service Margin		$ .76	$ .62	$ 1.10	$______
Bar Margin		$ .52	$ .37	$ .41	$______
Ski Shop Margin		$ .31	$ 1.00	$ .60	$______
Ski Rental Margin		$ 1.14	$ .79	$ .60	$______
Other Margin		$ .22	$ .27	$ .12	$______
8. Total - Revenue/Skier Visit		$17.22	$22.26	$22.99	$______
Base		(79)	(27)	(32)	

TABLE 70

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY TYPE OF SKI AREA

	Day (000)	Weekend (000)	Vacation (000)	Your Ski Area
Gross Fixed Assets	$6,356	$14,040	$23,157	$
Revenue:				
Ski Lift Gross - Winter	$1,933	$ 5,116	$ 7,420	$
Ski Lift Gross - Summer	5	133	86	
Supporting Margin - Winter	512	1,168	1,718	
Supporting Margin - Summer	44	215	52	
Year Round Margin	87	456	375	
TOTAL REVENUE	$2,581	$ 7,088	$ 9,651	$
Less:				
Ski Lift Direct Expense	$ 570	$ 1,138	$ 1,888	$
Payroll Taxes	66	152	207	
Property Operation	85	363	430	
OPERATIONS MARGIN	$1,860	$ 5,435	$ 7,126	$
Less:				
General & Administrative	$ 383	$ 1,197	$ 1,327	$
Marketing (advertising, public relations, promotion, etc.)	155	433	874	
Insurance (property, liability)	236	637	603	
Land Use Fees (public)	32	89	190	
Land Use Fees (private)	30	27	98	
Property Taxes	42	111	184	
Other Taxes (except income)	13	17	87	
Snowmaking	115	219	425	
Snow Removal	14	14	21	
Miscellaneous	54	94	875	
Depreciation & Amortization	351	909	1,507	
OPERATING PROFIT (LOSS)	$ 434	$ 1,688	$ 935	$
Less: Interest	180	389	1,071	
PROFIT (LOSS) BEFORE TAX	$ 254	$ 1,299	$ (136)	$
Base	(79)	(27)	(32)	

TABLE 71

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY TYPE OF SKI AREA

	Percent of Gross Fixed Assets			
	Day	Weekend	Vacation	Your Ski Area
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%
Revenue:				
Ski Lift Gross - Winter	30.4%	36.4%	32.0%	____ %
Ski Lift Gross - Summer	0.1	0.9	0.4	____
Supporting Margin - Winter	8.1	8.3	7.4	____
Supporting Margin - Summer	0.7	1.5	0.2	____
Year Round Margin	1.3	3.3	1.7	____
TOTAL REVENUE	40.6%	50.4%	41.7%	____ %
Less:				
Ski Lift Direct Expense	9.0%	8.1%	8.2%	____ %
Payroll Taxes	1.0	1.1	0.9	____
Property Operation	1.3	2.5	1.8	____
OPERATIONS MARGIN	29.3%	38.7%	30.8%	____ %
Less:				
General & Administrative	6.0%	8.5%	5.7%	____ %
Marketing (advertising, public relations, promotion, etc.)	2.4	3.1	3.8	____
Insurance (property, liability)	3.7	4.5	2.6	____
Land Use Fees (public)	0.5	0.6	0.8	____
Land Use Fees (private)	0.5	0.2	0.4	____
Property Taxes	0.7	0.8	0.8	____
Other Taxes (except income)	0.2	0.1	0.4	____
Snowmaking	1.8	1.6	1.8	____
Snow Removal	0.2	0.1	0.1	____
Miscellaneous	1.0	0.7	3.9	____
Depreciation & Amortization	5.5	6.5	6.5	____
OPERATING PROFIT (LOSS)	6.8%	12.0%	4.0%	____ %
Less: Interest	2.8	2.8	4.6	____
PROFIT (LOSS) BEFORE TAX	4.0%	9.2%	(0.6)%	____ %
Base	(79)	(27)	(32)	

TABLE 72

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY TYPE OF SKI AREA

	Percent of Revenue			
	Day	Weekend	Vacation	Your Ski Area
Revenue:				
Ski Lift Gross - Winter	74.9%	72.2%	76.9%	%
Ski Lift Gross - Summer	0.2	1.9	0.9	
Supporting Margin - Winter	19.8	16.5	17.8	
Supporting Margin - Summer	1.7	3.0	0.5	
Year Round Margin	3.4	6.4	3.9	
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%
Less:				
Ski Lift Direct Expense	22.1%	16.1%	19.6%	%
Payroll Taxes	2.5	2.1	2.1	
Property Operation	3.3	5.1	4.5	
OPERATIONS MARGIN	72.1%	76.7%	73.8%	%
Less:				
General & Administrative	14.8%	16.9%	13.7%	%
Marketing (advertising, public relations, promotion, etc.)	6.0	6.1	9.1	
Insurance (property, liability)	9.1	9.0	6.2	
Land Use Fees (public)	1.3	1.3	2.0	
Land Use Fees (private)	1.2	0.4	1.0	
Property Taxes	1.6	1.6	1.9	
Other Taxes (except income)	0.5	0.2	0.9	
Snowmaking	4.5	3.1	4.4	
Snow Removal	0.6	0.2	0.2	
Miscellaneous	2.1	1.3	9.1	
Depreciation & Amortization	13.6	12.8	15.6	
OPERATING PROFIT (LOSS)	16.8%	23.8%	9.7%	%
Less: Interest	7.0	5.5	11.1	
PROFIT (LOSS) BEFORE TAX	9.9%	18.3%	(1.4%)	%
Base	(79)	(27)	(32)	

TABLE 73

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN BY TYPE OF SKI AREA

	Day	Weekend	Vacation
SKI LIFT GROSS			
Revenue (Winter)	100.0%	100.0%	100.0%
LESS:			
Ski Lift Payroll	6.3%	4.3%	5.1%
Ski Patrol Payroll	2.5	1.9	2.4
Slope Maintenance Payroll	2.3	1.6	2.3
Maintenance & Repair Payroll	4.1	3.5	2.6
Ticket Sales Payroll	1.3	1.1	1.3
Other Payroll	1.2	1.4	0.8
TOTAL PAYROLL	17.7%	13.8%	14.5%
PAYROLL TAXES	3.2%	3.4%	2.6%
OTHER DIRECT	10.3%	11.7%	8.7%
TOTAL DIRECT	31.2%	28.9%	25.8%
GROSS MARGIN	68.8%	71.1%	74.2%
Base	(52)	(19)	(27)

TABLE 74

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET BY TYPE OF SKI AREA

	Day (000)	Weekend (000)	Vacation (000)
Assets			
Current Assets	$ 656	$ 2,655	$ 3,598
Gross Fixed Assets	6,499	14,437	23,865
Less: Depreciation	(2,809)	(6,042)	(8,857)
Other Assets	688	1,151	4,111
TOTAL ASSETS	$5,034	$12,201	$22,717
Liabilities & Net Worth			
Current Liabilities	$ 559	$ 2,193	$ 2,268
Long-Term Debt	1,723	3,860	10,781
Subordinated Debt	474	1,814	764
Deferred Taxes	103	149	170
Other Liabilities	308	333	535
Net Worth			
Invested	1,200	1,802	7,638
Retained Earnings	675	2,239	619
Less: Treasury Stock	(8)	(189)	(58)
TOTAL LIABILITIES & NET WORTH	$5,034	$12,201	$22,717
Base	(74)	(26)	(31)

TABLE 75

AVERAGE SKI AREA CHARACTERISTICS – BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
SIZE						
VTF/Hour (000)	1,768	3,678	5,497	7,317	11,836	17,326
Gross Fixed Assets (000)	$1,488	$5,033	$8,890	$10,008	$17,139	$30,682
Skiable Acres	75	296	374	745	986	1,431
Total Acres	231	686	1,134	2,277	3,127	3,310
LOCATION						
Within 50 Miles of SMSA	57%	43%	56%	38%	26%	14%
With 6+ Areas in 1 Hour	0%	17%	29%	30%	43%	43%
New England	0%	22%	12%	19%	30%	29%
East	29%	13%	26%	8%	4%	0%
Midwest	43%	17%	12%	3%	0%	0%
Central Rockies	0%	9%	3%	19%	30%	14%
Northern Rockies	0%	4%	15%	14%	4%	7%
California & Nevada	0%	22%	15%	8%	13%	14%
Pacific Northwest	0%	13%	6%	8%	4%	14%
Western Canada	29%	0%	12%	22%	13%	21%
SITE CHARACTERISTICS						
Number of Beds at Base[a]	124	459	634	1,139	3,281	6,148
Number of Beds (10 Miles)[a]	817	6,500	2,751	3,848	6,789	9,533
With Snowmaking	71%	74%	74%	68%	61%	71%
With Night Skiing	86%	65%	65%	46%	30%	21%
Terrain: Beginner	23%	27%	24%	26%	23%	24%
Intermediate	51%	50%	48%	47%	50%	48%
Expert	26%	23%	28%	27%	27%	28%
BUSINESS CHARACTERISTICS						
Operating With USFS Permit	0%	35%	32%	43%	65%	50%
Engaged in Land Development	14%	17%	38%	51%	61%	50%

TABLE 75 (Continued)

AVERAGE SKI AREA CHARACTERISTICS–BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
OPERATIONAL CHARACTERISTICS						
Average Days/Nights of Operation	97	100	118	139	137	161
Average Peak Day Crowd	2,042	2,877	4,090	4,943	7,132	9,386
Average Skier Visits (000)	46	88	156	226	345	497
Average Age of Ski Areas	22 years	27 years	27 years	31 years	28 years	34 years
ECONOMIC CHARACTERISTICS						
Average Revenue/Skier Visit	$17.97	$18.55	$19.40	$18.32	$22.16	$23.80
Average Lift Ticket Revenue/Skier Visit	$12.18	$14.63	$15.63	$15.47	$18.50	$19.50
Average Adult Lift Ticket Price						
(Weekend)	$19.68	$21.42	$22.50	$23.35	$25.74	$26.57
(Weekday)	$15.25	$18.48	$18.82	$21.76	$24.09	$25.77
Average Night Ticket Price						
(Weekend)	$12.54	$12.95	$14.71	$12.91	$12.00	$12.67
(Weekday)	$11.88	$12.42	$13.52	$12.69	$12.00	$12.67
Average Adult Season Ticket Price	$ 247	$ 343	$ 347	$ 454	$ 556	$ 570
Average Utilization	39.6%	37.9%	40.1%	35.3%	32.9%	26.5%
Average Profit (Loss) Before Tax	$ 79	$ 107	$ 259	$ 371	$ (10)	$1.823
Ratio: Revenue/GFA	58.9%	38.1%	36.6%	45.4%	48.3%	43.0%
Base	(7)	(23)	(34)	(37)	(23)	(14)

[a] Average for those areas reporting beds.

TABLE 76

ECONOMIC RATIOS–BY LENGTH OF SEASON

	Key	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
VTF/Hour (000)	A	1,768	3,678	5,497	7,317	11,836	17,326
VTF/Hour - Demand/Skier Visit	B	1,500	1,500	1,500	1,500	1,500	1,500
Skier Capacity	C	1,179	2,452	3,665	4,878	7,891	11,550
Days/Nights of Operation	D	97	100	118	139	137	161
Season Capacity (000)	E	116	233	389	640	1,047	1,878
Day Season Capacity (000)		76	199	328	555	1,003	1,840
Night Season Capacity (000)		47	52	94	185	145	179
Actual Skier Visits (000)	F	46	88	156	226	345	497
Day Skier Visits (000)		32	76	136	212	332	484
Night Skier Visits (000)		17	22	37	60	41	60
Profit (Loss) Before Tax (000)	G	$ 79	$ 107	$ 259	$ 371	$ (10)	$ 1,823
Plus: Depreciation (000)	H	$ 84	$ 291	$ 504	$ 586	$ 1,109	$ 2,068
Before Tax Cash Flow (000)	I	$ 163	$ 398	$ 763	$ 957	$ 1,099	$ 3,890
Operating Profit (Loss) (000)	J	$ 116	$ 233	$ 506	$ 742	$ 802	$ 2,892
Cash Operating Costs (000)	K	$ 676	$1,391	$2,247	$ 3,217	$ 6,368	$ 8,225
Gross Fixed Assets (000)	L	$1,488	$5,033	$8,890	$10,008	$17,139	$30,682
Long Term Debt (000)	M	$ 460	$1,515	$3,565	$ 3,988	$ 7,648	$14,935
Equity (000)	N	$ 332	$1,371	$3,305	$ 3,218	$ 6,330	$ 7,852
Critical Ratios							
1. Health (Debt to Cash Flow)		2.8X	3.8X	4.7X	4.2X	7.0X	3.8X
Profitability:							
2. Operating Profit on GFA		7.8%	4.6%	5.7%	7.4%	4.7%	9.4%
3. Profit (Before Tax) on Equity		23.8%	7.8%	7.8%	11.5%	Loss	23.2%
Performance:							
4. Average Utilization		39.6%	37.9%	40.1%	35.3%	32.9%	26.5%
Day Utilization		41.8%	38.1%	41.4%	38.2%	33.1%	26.3%
Night Utilization		35.6%	42.6%	39.2%	32.5%	28.1%	33.3%

TABLE 76 (Continued)

ECONOMIC RATIOS–BY LENGTH OF SEASON

Key	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
5. Days/Nights of Operation	97	100	118	139	137	161
Policy & Planning:						
6. Capital/Capacity Ratio	$1,262	$2,053	$2,426	$2,052	$2,172	$2,656
7. Operating/Capacity Ratio	$ 5.82	$ 5.97	$ 5.78	$ 5.03	$ 6.08	$ 4.38
Revenue/Skier Visit: (Average of All Areas)						
Ski Lift Gross	$12.18	$14.63	$15.63	$15.47	$18.50	$19.50
Ski School Margin	$ .92	$ .58	$ .61	$ .65	$ .99	$ .61
Food Service Margin	$ .79	$ .81	$ .94	$ .56	$ 1.00	$ 1.02
Bar Margin	$ .68	$ .37	$ .40	$ .45	$ .44	$ .46
Ski Shop Margin	$ .28	$ .37	$ .43	$ .39	$ .44	$ 1.21
Ski Rental Margin	$ 2.81	$ 1.67	$ 1.25	$ .66	$ .57	$ .72
Other Margin	$ .30	$ .12	$ .14	$ .14	$ .21	$ .28
8. Total - Revenue/Skier Visit	$17.96	$18.55	$19.40	$18.32	$22.15	$23.80
Base	(7)	(23)	(34)	(37)	(23)	(14)

TABLE 77

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY LENGTH OF SEASON

	Less Than 80 Days (000)	80-99 Days (000)	100-119 Days (000)	120-139 Days (000)	140-159 Days (000)	160 Days and Over (000)
Gross Fixed Assets	$1,488	$5,033	$8,890	$10,008	$17,139	$30,682
Revenue:						
Ski Lift Gross - Winter	$ 561	$1,294	$2,436	$ 3,495	$ 6,380	$ 9,693
Ski Lift Gross - Summer	0	6	6	51	49	240
Supporting Margin - Winter	273	381	635	783	1,342	2,490
Supporting Margin - Summer	5	115	91	75	0	170
Year Round Margin	37	119	89	141	508	591
TOTAL REVENUE	$ 876	$1,915	$3,257	$ 4,545	$ 8,279	$13,184
Less:						
Ski Lift Direct Expense	$ 193	$ 308	$ 666	$ 975	$ 1,797	$ 1,980
Payroll Taxes	13	38	82	113	206	232
Property Operation	7	86	187	182	257	660
OPERATIONS MARGIN	$ 663	$1,483	$2,322	$ 3,275	$ 6,019	$10,312
Less:						
General & Administrative	$ 167	$ 357	$ 378	$ 693	$ 1,081	$ 2,305
Marketing (advertising, public relations, promotion, etc.)	40	125	220	360	679	879
Insurance (property, liability)	86	221	317	366	578	844
Land Use Fees (public)	1	16	10	75	158	281
Land Use Fees (private)	24	48	9	18	156	30
Property Taxes	15	27	70	84	150	184
Other Taxes (except income)	4	12	15	17	11	181
Snowmaking	68	129	194	197	266	366
Snow Removal	1	6	10	21	29	19
Miscellaneous	57	18	89	116	1,000	263
Depreciation & Amortization	84	291	504	586	1,109	2,068
OPERATING PROFIT (LOSS)	$ 116	$ 233	$ 506	$ 742	$ 802	$ 2,892
Less: Interest	37	126	247	371	812	1,069
PROFIT (LOSS) BEFORE TAX	$ 79	$ 107	$ 259	$ 371	$ (10)	$ 1,823
Base	(7)	(23)	(34)	(37)	(23)	(14)

TABLE 78

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY LENGTH OF SEASON

	Percent of Gross Fixed Assets					
	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:						
Ski Lift Gross - Winter	37.7%	25.7%	27.4%	34.9%	37.2%	31.6%
Ski Lift Gross - Summer	0.0	0.1	0.1	0.5	0.3	0.8
Supporting Margin - Winter	18.3	7.6	7.1	7.8	7.8	8.1
Supporting Margin - Summer	0.4	2.3	1.0	0.8	0.0	0.6
Year Round Margin	2.5	2.4	1.0	1.4	3.0	1.9
TOTAL REVENUE	58.9%	38.1%	36.6%	45.4%	48.3%	43.0%
Less:						
Ski Lift Direct Expense	13.0%	6.1%	7.5%	9.7%	10.5%	6.5%
Payroll Taxes	0.9	0.8	0.9	1.1	1.2	0.8
Property Operation	0.5	1.7	2.1	1.9	1.5	2.1
OPERATIONS MARGIN	44.5%	29.5%	26.1%	32.7%	35.1%	33.6%
Less:						
General & Administrative	11.2%	7.1%	4.2%	6.9%	6.3%	7.5%
Marketing (advertising, public relations, promotion, etc.)	2.7	2.5	2.5	3.6	4.0	2.9
Insurance (property, liability)	5.8	4.4	3.6	3.7	3.4	2.8
Land Use Fees (public)	0.0	0.3	0.1	0.7	0.9	0.9
Land Use Fees (private)	1.6	1.0	0.1	0.2	0.9	0.1
Property Taxes	1.0	0.5	0.8	0.8	0.9	0.6
Other Taxes (except income)	0.3	0.2	0.2	0.2	0.1	0.6
Snowmaking	4.6	2.6	2.2	2.0	1.6	1.2
Snow Removal	0.0	0.1	0.1	0.2	0.2	0.1
Miscellaneous	3.8	0.4	0.9	1.1	5.6	0.8
Depreciation & Amortization	5.7	5.8	5.7	5.9	6.5	6.7
OPERATING PROFIT (LOSS)	7.8%	4.6%	5.7%	7.4%	4.7%	9.4%
Less: Interest	2.5	2.5	2.8	3.7	4.7	3.5
PROFIT (LOSS) BEFORE TAX	5.3%	2.1%	2.9%	3.7%	0.0%	5.9%
Base	(7)	(23)	(34)	(37)	(23)	(14)

TABLE 79

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT BY LENGTH OF SEASON

	Percent of Revenue					
	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
Revenue:						
Ski Lift Gross - Winter	64.1%	67.6%	74.8%	76.9%	77.1%	73.5%
Ski Lift Gross - Summer	0.0	0.3	0.2	1.1	0.6	1.8
Supporting Margin - Winter	31.2	19.9	19.5	17.2	16.2	18.9
Supporting Margin - Summer	0.6	6.0	2.8	1.7	0.0	1.3
Year Round Margin	4.1	6.2	2.7	3.1	6.1	4.5
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less:						
Ski Lift Direct Expense	22.0%	16.1%	20.4%	21.4%	21.7%	15.0%
Payroll Taxes	1.5	2.0	2.5	2.5	2.5	1.8
Property Operation	0.8	4.5	5.8	4.0	3.1	5.0
OPERATIONS MARGIN	75.7%	77.4%	71.3%	72.1%	72.7%	78.2%
Less:						
General & Administrative	19.0%	18.6%	11.6%	15.2%	13.1%	17.5%
Marketing (advertising, public relations, promotion, etc.)	4.6	6.5	6.8	7.9	8.2	6.7
Insurance (property, liability)	9.8	11.5	9.7	8.0	7.0	6.4
Land Use Fees (public)	0.1	0.8	0.3	1.6	1.9	2.1
Land Use Fees (private)	2.8	2.5	0.3	0.4	1.9	0.2
Property Taxes	1.8	1.4	2.2	1.8	1.8	1.4
Other Taxes (except income)	0.5	0.6	0.4	0.4	0.1	1.4
Snowmaking	7.8	6.7	6.0	4.3	3.2	2.8
Snow Removal	0.1	0.3	0.3	0.5	0.3	0.1
Miscellaneous	6.4	1.1	2.7	2.8	12.1	2.0
Depreciation & Amortization	9.6	15.2	15.5	12.9	13.4	15.7
OPERATING PROFIT (LOSS)	13.2%	12.2%	15.5%	16.3%	9.7%	21.9%
Less: Interest	4.2	6.6	7.5	8.2	9.8	8.1
PROFIT (LOSS) BEFORE TAX	9.0%	5.6%	8.0%	8.2%	(0.1)%	13.8%
Base	(7)	(23)	(34)	(37)	(23)	(14)

TABLE 80

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
SKI LIFT GROSS:						
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:						
Ski Lift Payroll	9.5%	5.6%	5.4%	5.8%	5.6%	4.0%
Ski Patrol Payroll	2.3	2.0	2.2	2.7	2.5	1.7
Slope Maintenance Payroll	1.3	1.7	2.5	1.8	2.6	1.8
Maintenance & Repair Payroll	2.7	3.1	4.1	3.1	3.3	2.7
Ticket Sales Payroll	1.3	0.8	1.7	1.2	1.3	1.0
Other Payroll	1.8	0.2	1.0	1.1	1.3	0.7
TOTAL PAYROLL	18.9%	13.4%	16.9%	15.7%	16.6%	11.9%
PAYROLL TAXES	2.3%	3.4%	3.0%	3.1%	3.3%	2.2%
OTHER DIRECT	12.3%	7.2%	8.3%	10.7%	12.1%	6.2%
TOTAL DIRECT	33.5%	24.0%	28.2%	29.5%	32.0%	20.3%
GROSS MARGIN	66.5%	76.0%	71.8%	70.5%	68.0%	79.7%
Base	(4)	(13)	(22)	(28)	(20)	(11)

TABLE 81

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET BY LENGTH OF SEASON

	Less Than 80 Days (000)	80-99 Days (000)	100-119 Days (000)	120-139 Days (000)	140-159 Days (000)	160 Days and Over (000)
Assets						
Current Assets	$ 263	$1,014	$ 961	$ 2,149	$ 2,068	$ 3,809
Gross Fixed Assets	1,488	5,062	9,477	10,465	17,139	30,682
Less: Depreciation	(699)	(1,929)	(3,919)	(4,699)	(6,070)	(12,182)
Other Assets	33	555	914	1,060	2,902	4,615
TOTAL ASSETS	$1,085	$4,702	$7,433	$ 8,975	$16,039	$26,924
Liabilities & Net Worth						
Current Liabilities	$ 174	$1,292	$ 447	$ 1,211	$ 1,751	$ 3,075
Long-Term Debt	357	763	3,342	3,490	7,153	11,137
Subordinated Debt	103	752	223	498	495	3,799
Deferred Taxes	17	55	102	112	145	365
Other Liabilities	101	488	70	551	232	699
Net Worth						
Invested	375	1,331	2,289	2,028	4,798	6,465
Retained Earnings	(42)	40	1,016	1,190	1,531	1,387
Less: Treasury Stock	0	(19)	(56)	(105)	(66)	(3)
TOTAL LIABILITIES & NET WORTH	$1,085	$4,702	$7,433	$ 8,975	$16,039	$26,924
Base	(7)	(22)	(30)	(35)	(23)	(14)

IX

CHARACTERISTICS OF SKI AREAS WITH SNOWMAKING AND NIGHT SKIING OPERATIONS

For the twelfth year the study includes an analysis of those respondents with snowmaking capability and those who operate at night. This chapter presents tabulations on the 96 areas with snowmaking and on the 70 areas with night operations. The reader should recognize that even though these categories have been treated separately a number of areas (51) have both snowmaking and night skiing. The tables (Tables 82-91) follow the text.

The average ski area with snowmaking has larger gross fixed assets, more beds at the base, more beds within 10 miles, more night operations, more land development, more skier visits, more revenue per skier visit, a higher lift ticket price, greater utilization, and a higher profit before tax than the average ski area.

Snowmaking ski areas averaged 6.8 percent operating profit on GFA, the same as the ski industry average. However, if one excluded the Rockies and the West the figure would be over 10.7 percent. Snowmaking is dominated by areas east of the Rockies and this past season again illustrated this. All of the respondents in the East and New England had snowmaking and 91 percent of Midwest areas make snow. There are 40 snowmaking ski areas in the Rockies and the West, or 49 percent of the ski areas responding from those geographic areas. These 49 percent earned 4.1 percent operating profit on GFA.

These operations have been evaluated using the rule of thumb measure discussed in Chapter III.

	Total Revenue to GFA		Percent Utilization		Factor	Judgment
All Ski Areas	43%	÷	33%	=	1.30	Good
All Snowmaking	44	÷	35	=	1.26	Adequate
New England Snowmaking	44	÷	36	=	1.22	Adequate
East and Midwest Snowmaking	53	÷	53	=	1.00	Fair
Rockies and West Snowmaking	42	÷	30	=	1.40	Good
All Night Operations	44	÷	38	=	1.16	Adequate

Night operations were again separated. Night skiing effectively increases the potential earning power with only cursory additions to capital. Areas with night skiing usually have less VTF, fewer GFA, fewer beds at the base and within 10 miles, greater days/nights of operation, lower revenue per skier visit, lower lift ticket prices and higher profit before tax than the average area. In the 1987-88 season the average area with night operations had an operating profit on GFA of 9.3 percent, compared to the ski industry average of 6.8 percent and an average profit before tax of $519,000 compared to the industry average of $368,000. This is the third year in a row that areas with night operations out-performed areas without night skiing.

The 1987-88 survey contains data concerning snowmaking coverage, hours of operation and operating costs. Tables 89 and 90 summarize this data. The average ski area with snowmaking capability covers 114 acres or 23.1 percent of the skiable slopes and trails. The East and Midwest regions cover 83.9 percent, and New England 75.2 percent, while only 10.3 percent of the Rockies and Western ski areas are machine covered.

Similarly the 70 ski areas with lights for night skiing cover an average of only 70 acres or 15.4 percent of the skiable acreage.

Snowmaking Costs

In an effort to establish some standard measure of snowmaking efficiency the authors have summarized reported expenses in costs per acre hour of snowmaking. An acre hour is the product of coverage (acres) and hours of system operations. Survey respondents were asked to supply acres of snowmaking coverage, hours of system operation, and operating costs broken into labor, power, maintenance, and other categories. Table 91 summarizes the results of this measure. The cost per acre/hour ($2.27) was slightly lower than last year's $2.32 per acre/hour. There was an increase this season for the Rockies and West, and the East and Midwest, but a decrease in New England.

TABLE 82

AVERAGE SKI AREA CHARACTERISTICS
SKI AREAS WITH SNOWMAKING & NIGHT OPERATIONS

	With Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
SIZE					
VTF/Hour (000)	8,967	3,351	11,269	8,230	5,049
Gross Fixed Assets (000)	$15,695	$6,265	$17,338	$13,531	$7,907
Skiable Acres	221	104	961	494	454
Total Acres	1,332	705	2,809	1,758	1,029
LOCATION					
Within 50 Miles of SMSA	33%	48%	40%	41%	57%
With 6+ Areas in 1 Hour	63%	17%	33%	36%	19%
New England	100%	0%	0%	28%	17%
East	0%	62%	0%	19%	21%
Midwest	0%	38%	0%	11%	16%
Central Rockies	0%	0%	38%	16%	3%
Northern Rockies	0%	0%	10%	4%	7%
California & Nevada	0%	0%	28%	11%	9%
Pacific Northwest	0%	0%	5%	2%	13%
Western Canada	0%	0%	20%	8%	14%
SITE CHARACTERISTICS					
Number of Beds at Base[a]	1,650	537	4,600	2,424	453
Number of Beds (10 Miles)[a]	4,008	5,035	7,854	5,821	3,329
With Snowmaking	100%	100%	100%	100%	73%
With Night Skiing	44%	86%	35%	53%	100%
Terrain: Beginner	26%	30%	23%	26%	26%
Intermediate	51%	45%	48%	48%	48%
Expert	23%	25%	29%	26%	25%
BUSINESS CHARACTERISTICS					
Operating With USFS Permit	19%	3%	68%	34%	27%
Engaged in Land Development	78%	45%	25%	46%	30%
OPERATIONAL CHARACTERISTICS					
Avg. Days/Nights of Operation	129	126	127	127	138
Average Peak Day Crowd	5,626	4,197	5,974	5,339	4,383
Average Skier Visits (000)	269	149	299	245	179
Average Age of Ski Areas	33 years	26 years	27 years	29 years	28 years
ECONOMIC CHARACTERISTICS					
Average Revenue/Skier Visit	$21.25	$20.23	$22.90	$21.90	$17.93
Avg. Lift Ticket Revenue/S-V	$17.29	$15.65	$19.15	$17.94	$14.63
Avg. Adult Lift Ticket Price:					
(Weekend)	$26.14	$24.44	$23.83	$24.66	$22.14
(Weekday)	$22.54	$18.88	$23.70	$21.95	$18.76
Average Night Ticket Price					
(Weekend)	$15.56	$15.13	$12.05	$14.53	$13.34
(Weekday)	$15.56	$13.97	$11.65	$13.75	$12.75
Avg. Adult Season Ticket Price	$ 509	$ 331	$ 486	$ 446	$ 354
Average Utilization	36%	53%	30%	35%	38%
Avg. Profit (Loss) Before Tax (000)	$ 901	$ 559	$ (12)	$ 417	$ 519
Ratio: Revenue/GFA	44.1%	52.8%	42.3%	44.4%	44.0%
Base	(27)	(29)	(40)	(96)	(70)

[a] For those areas reporting beds.

TABLE 83

ECONOMIC RATIOS–SNOWMAKING & NIGHT OPERATIONS

		With Snowmaking				With
	Key	New England	East & Midwest	Rockies & West	All	Night Operations
VTF/Hour (000)	A	8,967	3,351	11,269	8,230	5,049
VTF/Hour - Demand/Skier Visit	B	1,500	1,500	1,500	1,500	1,500
Skier Capacity	C	5,978	2,234	7,513	5,486	3,366
Days/Nights of Operation	D	129	126	127	127	138
Season Capacity (000)	E	745	280	990	707	470
Day Season Capacity (000)		666	195	970	650	359
Night Season Capacity (000)		179	99	56	106	112
Actual Skier Visits (000)	F	269	149	299	245	179
Day Skier Visits (000)		239	122	314	236	152
Night Skier Visits (000)		67	44	11	43	39
Profit (Loss) Before Tax (000)	G	$ 901	$ 559	$ (12)	$ 417	$ 519
Plus: Depreciation (000)	H	$ 886	$ 416	$ 1,125	$ 843	$ 415
Before Tax Cash Flow (000)	I	$ 1,787	$ 975	$ 1,113	$ 1,261	$ 934
Operating Profit (Loss) (000)	J	$ 1,387	$ 790	$ 706	$ 923	$ 733
Cash Operating Costs (000)	K	$ 4,652	$2,102	$ 5,506	$ 4,237	$2,327
Gross Fixed Assets (000)	L	$15,695	$6,265	$17,338	$13,531	$7,907
Long Term Debt (000)	M	$ 2,914	$5,100	$ 6,912	$ 2,405	$9,132
Equity (000)	N	$ 2,061	$3,759	$ 5,196	$ 1,754	$6,264
Critical Ratios						
1. Health (Debt to Cash Flow)		1.6X	5.2X	6.2X	1.9X	9.8X
Profitability:						
2. Operating Profit on GFA		8.8%	12.6%	4.1%	6.8%	9.3%
3. Profit (BT) on Equity		43.7%	14.9%	(0.2)%	23.8%	8.3%
Performance:						
4. Average Utilization		36.1%	53.0%	30.2%	34.7%	38.0%
Day Utilization		36.0%	62.7%	32.3%	36.3%	42.3%
Night Utilization		37.7%	45.0%	20.4%	40.1%	34.9%
5. Days/Nights of Operation		129	126	127	127	138
Policy & Planning:						
6. Capital/Capacity Ratio		$2,625	$2,805	$2,308	$2,466	$2,349
7. Operating/Capacity Ratio		$ 6.24	$ 7.50	$ 5.56	$ 6.00	$ 4.95
Revenue/Skier Visit: (Average of All Areas)						
Ski Lift Gross		$17.29	$15.65	$19.15	$17.94	$14.63
Ski School Margin		$ .69	$ .63	$ 1.01	$ .84	$ .56
Food Service Margin		$ 1.05	$ .89	$ .87	$ .93	$ .70
Bar Margin		$ .55	$ .63	$ .30	$ .44	$ .50
Ski Shop Margin		$ .82	$ .36	$ .63	$ .64	$ .33
Ski Rental Margin		$ .79	$ 1.90	$ .61	$ .90	$ 1.05
Other Margin		$ .06	$ .17	$ .33	$ .21	$ .16
8. Total - Revenue/Skier Visit		$21.25	$20.23	$22.90	$21.90	$17.93
Base		(27)	(29)	(40)	(96)	(70)

TABLE 84

AVERAGE SKI kREA FINANCIAL DATA—INCOME STATEMENT SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With
	New England (000)	East & Midwest (000)	Rockies & West (000)	All (000)	Night Operations (000)
Gross Fixed Assets	$15,695	$6,265	$17,338	$13,531	$7,907
Revenue:					
Ski Lift Gross - Winter	$ 4,657	$2,325	$ 5,725	$ 4,398	$2,618
Ski Lift Gross - Summer	48	0	97	54	16
Supporting Margin - Winter	1,351	782	1,177	1,106	633
Supporting Margin - Summer	293	66	11	107	125
Year Round Margin	576	135	326	338	83
TOTAL REVENUE	$ 6,925	$3,308	$ 7,336	$ 6,003	$3,475
Less:					
Ski Lift Direct Expense	$ 1,014	$ 515	$ 1,577	$ 1,098	$ 736
Payroll Taxes	104	65	189	128	75
Property Operation	537	107	200	266	141
OPERATIONS MARGIN	$ 5,270	$2,621	$ 5,370	$ 4,511	$2,523
Less:					
General & Administrative	$ 1,011	$ 383	$ 1,201	$ 901	$ 466
Marketing (advertising, public relations, promotion, etc.)	607	178	537	449	242
Insurance (property, liability)	455	335	553	460	293
Land Use Fees (public)	87	1	159	91	32
Land Use Fees (private)	27	79	77	63	29
Property Taxes	89	42	153	102	57
Other Taxes (except income)	94	33	9	40	14
Snowmaking	391	304	231	298	170
Snow Removal	21	2	13	12	12
Miscellaneous	215	58	606	329	60
Depreciation & Amortization	886	416	1,125	843	415
OPERATING PROFIT (LOSS)	$ 1,387	$ 790	$ 706	$ 923	$ 733
Less: Interest	486	231	718	506	214
PROFIT (LOSS) BEFORE TAX	$ 901	$ 559	$ (12)	$ 417	$ 519
Base	(27)	(29)	(40)	(96)	(70)

TABLE 85

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Percent of Gross Fixed Assets				
	Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:					
Ski Lift Gross - Winter	29.7%	37.1%	33.0%	32.5%	33.1%
Ski Lift Gross - Summer	0.3	0.0	0.6	0.4	0.2
Supporting Margin - Winter	8.6	12.5	6.8	8.2	8.0
Supporting Margin - Summer	1.9	1.0	0.1	0.8	1.6
Year Round Margin	3.6	2.2	1.8	2.5	1.1
TOTAL REVENUE	44.1%	52.8%	42.3%	44.4%	44.0%
Less:					
Ski Lift Direct Expense	6.5%	8.2%	9.1%	8.1%	9.3%
Payroll Taxes	0.7	1.0	1.1	0.9	0.9
Property Operation	3.3	1.8	1.1	2.1	1.9
OPERATIONS MARGIN	33.6%	41.8%	31.0%	33.3%	31.9%
Less:					
General & Administrative	6.4%	6.1%	6.9%	6.7%	5.9%
Marketing (advertising, public relations, promotion, etc.)	3.9	2.8	3.1	3.3	3.1
Insurance (property, liability)	2.9	5.4	3.2	3.4	3.7
Land Use Fees (public)	0.6	0.0	0.9	0.7	0.4
Land Use Fees (private)	0.2	1.3	0.4	0.5	0.4
Property Taxes	0.6	0.7	0.9	0.8	0.7
Other Taxes (except income)	0.6	0.5	0.1	0.3	0.2
Snowmaking	2.5	4.9	1.3	2.2	2.2
Snow Removal	0.1	0.0	0.1	0.1	0.2
Miscellaneous	1.4	0.9	3.5	2.3	0.6
Depreciation & Amortization	5.6	6.6	6.5	6.2	5.2
OPERATING PROFIT (LOSS)	8.8%	12.6%	4.1%	6.8%	9.3%
Less: Interest	3.1	3.7	4.2	3.7	2.7
PROFIT (LOSS) BEFORE TAX	5.7%	8.9%	(0.1)%	3.1%	6.6%
Base	(27)	(29)	(40)	(96)	(70)

TABLE 86

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Percent of Revenue				
	Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
Revenue:					
Ski Lift Gross - Winter	67.3%	70.3%	78.0%	73.3%	75.3%
Ski Lift Gross - Summer	0.7	0.0	1.3	0.9	0.5
Supporting Margin - Winter	19.5	23.6	16.0	18.4	18.2
Supporting Margin - Summer	4.2	2.0	0.2	1.8	3.6
Year Round Margin	8.3	4.1	4.5	5.6	2.4
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%
Less:					
Ski Lift Direct Expense	14.6%	15.6%	21.5%	18.3%	21.2%
Payroll Taxes	1.5	2.0	2.6	2.1	2.2
Property Operation	7.8	3.2	2.7	4.5	4.2
OPERATIONS MARGIN	76.1%	79.2%	73.2%	75.1%	72.6%
Less:					
General & Administrative	14.6%	11.6%	16.4%	15.0%	13.4%
Marketing (advertising, public relations, promotion, etc.)	8.8	5.4	7.3	7.5	7.0
Insurance (property, liability)	6.6	10.1	7.5	7.7	8.4
Land Use Fees (public)	1.3	0.0	2.2	1.5	0.9
Land Use Fees (private)	0.4	2.4	1.1	1.1	0.8
Property Taxes	1.3	1.3	2.1	1.7	1.7
Other Taxes (except income)	1.4	1.0	0.1	0.7	0.4
Snowmaking	5.6	9.2	3.1	5.0	4.9
Snow Removal	0.3	0.1	0.2	0.2	0.4
Miscellaneous	3.0	1.6	8.3	5.3	1.7
Depreciation & Amortization	12.8	12.6	15.3	14.0	11.9
OPERATING PROFIT (LOSS)	20.0%	23.9%	9.6%	15.4%	21.1%
Less: Interest	7.0	7.0	9.8	8.4	6.2
PROFIT (LOSS) BEFORE TAX	13.0%	16.9%	(0.2)%	7.0%	14.9%
Base	(27)	(29)	(40)	(96)	(70)

TABLE 87

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With
	New England	East & Midwest	Rockies & West	All	Night Operations
SKI LIFT GROSS:					
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:					
Ski Lift Payroll	4.6%	4.6%	5.6%	5.1%	5.5%
Ski Patrol Payroll	1.7	1.3	2.8	2.2	1.8
Slope Maintenance Payroll	1.8	1.1	2.7	2.2	2.0
Maintenance & Repair Payroll	2.5	2.9	3.4	3.0	3.6
Ticket Sales Payroll	1.2	0.6	1.5	1.2	1.3
Other Payroll	1.0	0.2	1.1	1.0	1.2
TOTAL PAYROLL	12.8%	10.7%	17.1%	14.7%	15.4%
PAYROLL TAXES	2.2%	2.5%	3.5%	2.9%	2.7%
OTHER DIRECT	7.6%	8.3%	11.6%	9.8%	11.6%
TOTAL DIRECT	22.6%	21.5%	32.2%	27.4%	29.7%
GROSS MARGIN	77.4%	78.5%	67.8%	72.6%	70.3%
Base	(21)	(17)	(29)	(67)	(47)

TABLE 88

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With
	New England (000)	East & Midwest (000)	Rockies & West (000)	All (000)	Night Operations (000)
Assets					
Current Assets	$ 3,020	$ 918	$ 2,593	$ 2,195	$1,190
Gross Fixed Assets	15,837	6,346	19,036	14,164	8,212
Less: Depreciation	(4,926)	(2,811)	(8,082)	(5,530)	(3,270)
Other Assets	1,737	344	3,754	2,110	559
TOTAL ASSETS	$15,668	$4,797	$17,301	$12,939	$6,691
Liabilities & Net Worth					
Current Liabilities	$ 2,810	$ 496	$ 1,306	$ 1,489	$1,041
Long-Term Debt	5,440	2,240	7,684	5,342	2,277
Subordinated Debt	1,472	165	1,448	1,056	814
Deferred Taxes	236	126	45	125	124
Other Liabilities	514	16	554	374	249
Net Worth					
Invested	3,088	541	6,509	3,664	1,468
Retained Earnings	2,156	1,356	(191)	969	799
Less: Treasury Stock	(48)	(143)	(54)	(80)	(81)
TOTAL LIABILITIES & NET WORTH	$15,668	$4,797	$17,301	$12,939	$6,691
Base	(27)	(29)	(40)	(96)	(70)

TABLE 89

SNOWMAKING ACREAGE, COVERAGE AND CAPACITY SKI AREAS WITH SNOWMAKING

	New England	East & Midwest	Rockies & West	All
Average Skiable Acres	221	104	961	494
Average Snowmade Acres	166	88	99	114
Proportion	75.2%	83.9%	10.3%	23.1%
Total Skier Capacity	5,978	2,234	7,513	5,486
Average Snowmade Capacity	4,498	1,873	771	1,269
Average Snowmade Density	27/acre	21/acre	8/acre	11/acre
Base	(27)	(29)	(40)	(96)

TABLE 90

SNOWMAKING ACREAGE, COVERAGE AND CAPACITY AREAS WITH NIGHT SKIING AND SNOWMAKING

	Snowmaking			All Areas With Night Skiing
	New England	East & Midwest	Rockies & West	
Average Skiable Acres	-	-	-	454
Average Lighted Acres	68	62	59	70
Proportion	-	-	-	15.4%
Average Night Capacity	2,009	2,213	1,044	1,764
Average Night Density	29/acre	36/acre	18/acre	25/acre
Base	(27)	(29)	(40)	(70)

TABLE 91

SNOWMAKING COST ANALYSIS, 1987-88

	New England	East & Midwest	Rockies & West	Total Sample
Labor (000)	$112.1	$ 56.5	$ 60.0	$ 73.6
Power (000)	187.3	163.5	87.6	138.6
Maintenance (000)	66.6	65.6	42.9	56.4
Other (000)	25.1	18.8	40.0	29.4
Total (000)	$391.0	$304.4	$230.5	$298.0
Acres Covered	166	88	99	114
Hours Operated	1,771	922	891	1,148
Average Cost/Acre Hour	$1.33	$3.77	$2.62	$2.27
Base	(27)	(29)	(40)	(96)

X

COMMENTS FROM SKI AREAS

The questionnaire asked respondents to provide comments on the season: What were the highlights, such as new areas or major expansions, unusual weather conditions, or major pricing or marketing activities that have affected your performance for the 1987-88 season? The answers to this question are reported verbatim in this chapter. They have been arranged by geographic area to make them more meaningful.

EAST

Christmas holiday period a washout due to 60° temperatures. January and February good due to excellent snowmaking weather.

The fiscal year just ended represented a more "average" year—more average than the previous extraordinary year. Because of the slow start (due to poor snowmaking weather in late November and December) skier visits for the year were behind last year but right on budget. Our pre-tax income was just over $1.1 million.

Installed high speed quad lift, opened new slope with snowmaking capability. Season passes were offered at a substantial discount to local residents and to the three colleges in our area. This was a very successful program and will be offered again this season. Due to warm, rainy weather we lost four days of skiing during Christmas week.

Very solid heart of the season (January and February) with good weekend weather. Good increases in skier counts, both weekends and midweek. Children's programs (SKI Wee, Mighty Mites, Junior Racing) continue growth. Families becoming increasingly important.

Very poor weather until January 1, 1988, kept the skier visit count down to only equaling that of last year. Increased energy costs for snowmaking in a difficult year and continued high insurance costs depressed the bottom line even with a 10 percent increase over the previous season.

This past season was our fifth in operation. We saw more skier visits than ever before and made capital improvements of $250,000 to include lighting our existing expert slope, Plunge, to offer expert night skiing for the first time; added a new expert slope, Turkey Chute; and expanded our snowmaking system. All in all, we feel that 1987-88 was a great year for WinterPlace.

$2.2 million expansion: Double Base lodge, installed new triple chair, added night lighting, 3 new slopes, expanded snowmaking capacity. Our continuing growth and improvements and the quality ski experience we offer seems to be our best marketing strategy—no gimmics! Despite wild swings in temperature, we are able to offer good conditions through the entire season—snowmaking is invaluable! March was our natural snowfall month and since we had kept our skiers coming in January - February, they continued strong through spring.

New lifts and some new housing. It was our best year but an abrupt end to the season due to weather. Overall very good, however.

Opening December 10th, closing April 10th. Opening was due to snowmaking. Natural snow came in late January and came on weekends affecting our revenues. Skier visits were down because skiers could not travel in storms. All in all, I would say an average season, partly because expenses were too high.

Development of third mountain (quad and 3 runs). $4 million investments, regarding lodging, lifts, trails, snowmaking, night skiing and extended restaurant.

Tenney Mountain Resort opened its 23rd season with the following new expansions: newly paved main parking lot, additional parking added, new triple chair, and new Platter Pull. Pricing specials included last year's prices; opening day, buy one ticket get another one free for use any time during the 87-88 season (price was $10 for first ticket); and various weekly specials. Tenney is the $10 mountain. Many special events were held throughout the season (Sweethart Race, Downhill Ski and Road Rally, Catch the Lucky Leprechaun).

Below average snowfall. Installation quad chair (limited lines but didn't attract additional skiers as anticipated). After School Program enlarged which limited retail night skiing attendance. Accommodations and Condo Management Department new–established for Mountainside Condos still under construction.

Two new trails with snowmaking. Improved snow grooming. Sno Max and improved snowmaking. Best year ever.

Our summer operations expanded greatly with the addition of a new wave pool and price restructure. Our winter season was again slow to start in December but quickly picked up pace in January to again yield a record winter season.

Skier volume this past season was the second highest in the company history despite snowfall being 30 percent below normal.

The 1987/88 season was our best ever, although we received less snowfall. Despite the slow start to the season, skiers remained optimistic, and visits during the holidays were up 5 percent over the previous years.

Added an additional 1.5 million base area facility which includes accommodations, ski school center for children, nursery and locker area. Added lighting to 1 3/4 miles of terrain creating the longest night skiing trail in the area.

Marginal snow meant challenge for snowmaking and grooming but third best skier days total for Mt. Sunapee. Two new doppelmayr triple chairs big success.

Slow November and December start due to weather–a January and a February thaw–all combined to cause decrease from last year's attendance. Demand remains strong.

Slow start to season; generally less than average snowfall throughout. Unusually cold spring.

Bad weather in December and January.

Purchased Mont Avila (mountain connected to Mont St. Sauveur). Very slow beginning with not much snow but very good February and March.

MIDWEST

Favorable weather, prolonged high pressure systems, combined with increased snowmaking, were major contributors for a very successful skiing season. Continued investment into snowmaking plant and equipment undoubtedly pay great dividends for Paoli Peaks.

Warm weather and rain early hurt—we opened and closed two times prior to December 15 which caused a late start. Excellent Christmas week, very strong February and March. All our advertising dollars went in to the Illinois market, in which we saw some increase in traffic.

A strong recordbreaking season in spite of an off December due to weather conditions. New triple chairlift and rental facility. Introduction of snomax—a definite plus giving a 71 day season with 100 percent of runs open in marginal weather pattern and cycles.

Very similar to previous season, which was notable for a general lack of winter weather—with these significant exceptions: first, we opened on November 22 (the earliest ever); second, we experienced our biggest day (January 16) on all man-made snow (there wasn't a drop of snow within 100 miles except on the ski slopes and there hadn't been for several weeks); and third, it was the best season in 27 years—both in terms of gross and profit!

ROCKY MOUNTAIN

Late opening (December 18) due to no snow.

Installation of a quad chairlift, surface lift and an intense summer grooming program coupled with an intensive marketing campaign resulted in a 26 percent increase in skier days for the 87/88 ski season.

Early snow—early open—one of the first resorts to open.

Snowmaking had its best revenue season ever. We had 102 days of skiing with only 50 percent of normal snowfall. We would not have opened or closed when we did had it not been for the new limited snowmaking system that we installed. We had a record season pass sale. Jackson Hole Airport offered jet service on four major airlines with service from Denver, Salt Lake City, Dallas and Chicago.

A late December opening—December 18th—did not help our total skier visit count for the year. Very good snow conditions after January 10, 1988.

Opened 4 new runs on Flagstaff Mountain for snow cat skiing, not serviced by lift. The resort operated at 50 percent of capacity until January 7, 1988 due to poor snow conditions. Recorded snowfall for the 85-86 ski season was 296" with considerable less in 86-87 season, 155", and 87-88 season, 156".

We were marginally open in mid-December and did not receive good snow until January 1. The season was excellent from January 1 through April 10. Had extremely warm temperatures last two weeks of February.

Average snow year, started night skiing on limited basis, record year for skier visits.

Our 87-88 season marked the 40th Anniversary of operations, and included "Birthday" parties throughout the season. Inadequate snow cover delayed the opening day to December 12, 1987 as compared to an opening day of November 22, 1986 for the prior year. Our Nordic course was expanded to 15km.

Late start from lack of snow. Poor November and December because of lack of snowfall. Major snow in January helped see record January, February attendance. Overall, though, a disappointing season. Perceived poor snow conditions big factor.

Low snow November and December. First season for use of new rental shop. Prices were the same as previous year.

We decreased lift ticket price from $14.00 to $12.00. Lost 12 days of operation in early season.

New startup after one year closure.

Poor early snowfall kept skier days behind last year until mid-January. Airline direct flights boosted skier days.

Added north face lift to "Extreme" (unmaintained back country style) skiing serving 395 acres. Little early snow and total accumulation for year well below normal.

Wolf Creek offers a simple price structure discounting only for groups. Skiers overall are pleased with the pricing and word-of-mouth seems to be keeping Wolf Creek busy. Poorly timed snow storms prevented some destination skiers from traveling making the season good but not great.

Skier visits for the 87-88 ski season at Purgatory Ski Resort in Southwest Colorado bounced back nicely after a slow start due to lack of early season snowfall. We saw record-breaking skier visits during the month of February, including an influx of more than 1,500 skiers who came for the National Brotherhood of Skiers Annual Meeting and Challenge Cup on February 17-26, 1988.

The 1987/88 season was a bad "snow year" season. Due to the less than desirable skiing conditions, our increase in skiers was not as dramatic as in the prior years.

Opening with only partial lifts operational until January 7th. Very warm February eventually leading to early March 20th close. New marketing dollars allocated helped hold skier visits consistent with 86/87 even with poor snow conditions.

Poor snow year, but more guests.

The lower ski count for last season is due primarily to less natural snowfall. The second year of our annual WinterFestival is increasing our mid-season numbers.

WEST

Good weather. Expanded facilities.

Very mild weather conditions for Edmonton.

Very mild weather. Impact on spending caused by Olympics. Hosted 5 events of Alberta Winter Games- Alpine skiing, Nordic jumping 30m and 50m, Freestyle skiing, luge, and bob sleigh.

Good weather. Great response to first year ownership.

Late start (January 2). Generally good skiing through end of March. Warm weather and lack of snow, plus Olympic diversion contributed to poor crowds. But, realistically, Westcastle has fallen so far behind the ski market's expectations and what they like to find at a ski area that we have lost significant market share to other areas that are keeping up with lift/grooming, snowmaking technology.

The addition of a new rental building improved our ski school programming. Warm weather this season was a detriment to all our programs.

Marketing: We were very aggressive dollar wise and there was no real effect. We will go back to a lower dollar budget this year. Weather: cool for six weeks (-15C.) January to mid-February. As soon as the weather improved our weekly skier visit count doubled. Conclusion: We lost about 5,000 skier visits due to cooler weather. We hope that a new day lodge will improve our return skier count as that was a major item mentioned on all skier surveys that we conducted. Snow cover was good and all machinery ran without problems.

Later than normal start (December 12); early spring led to earlier than normal shutdown (April 4); heaviest snowfalls in first half of season.

Very good season overall. Increases in all areas despite opening two weeks late. Extensive marketing of night skiing doubled utilization. From mid-December to late March traffic increased 24 percent. Mountain will soon be out of receivership.

Season was affected negatively by: late opening, Olympics (January 1-February 28); and low snow level (2nd lowest since 1964).

New chairlift adding 500 vertical feet of sking and fantastic views. Aggressive marketing and innovative season pass deals.

The 1987/88 ski season was the lowest skier count at Sunshine Village since 1976. There were three main reasons for this situation. These factors were: a late snowfall that delayed opening (almost a month later than last year); the perception of overcrowding that surrounded the 1988 Winter Olympics in Calgary; and the presence of a new ski area in the local market (Nakiska at Mount Allan, the Olympic mountain built by the provincial government) combined with increased snowmaking by existing competitors. On the positive side, significant reductions in our land rent concession fees (a function of lower volumes and a renegotiated agreement), long-range planning costs, and operating costs kept the bottom line loss from being even more pronounced.

We experienced a 7.5 percent increase in skier visits in the 87/88 season which contributed to increased revenues and we realized a significant savings in liability insurance premiums. We changed our real estate operation from a 99 year lease basis to fee simple and thereby the total lot sale price and related cost of sales has dramatically affected our reporting of real estate operations. Large debt retirement has significantly decreased our interest expense.

Relocation and extension of the T-Bar to access more area, building of a hot tub center, teen center developed, a new townhouse development for an additional 100 beds.

The replacement of our two old surface lifts with two new triple chairlifts saw a tremendous increase in skier visits. The months of December and January were the best in over a decade. Unfortunately the two months drought which followed caused a complete loss of momentum in terms of skier visits, thus curtailing our seasonal total. This season we also tried a $8.00 All-Day/All-Lift ticket for weekday skiing. We were expecting that the economy of scale would increase our business accordingly. During our two success months the midweek attendance almost doubled, but when the snow depth remained unchanged even the super discount price did not attract more skier visits.

The 1987-88 season was a short season–did not open until December 24, 1987 and had only 90 operating days versus 120 days regularly.

Through May, 1988 the 1987-88 season had produced 605,409 skier days. This was down a mere 4.4 percent from last year's all-time record, and a few pertinent points prove that our growth momentum remains fully intact: 1. The 1986-87 calendar delivered handsome dividends with a line-up of three- and four-day holiday weekends that won't be matched for another decade; 2. This year we lost the Thanksgiving Day holiday to lack of snow and thus began the year behind budget and projections; and 3. This year we had spotty snowfall early in the season and poor weather conditions during spring break. Given all these factors, we can take enormous pleasure in the fact that after the 1986-87 season which saw a 42 percent leap in skier volume under the most optimum market conditions imaginable, in 1987-88 we only gave back 4.4 percent in volume performance.

Summer skiing continues to improve.

It was our 50th year, 1937-38 - 1987-88. Many successful events and festivities. The weather was poor for our celebration week. Overall, the season was excellent.

1987-88 was slow to start–we missed the Thanksgiving holiday. Christmas period was largest ever. Ended year with second best skier days ever.

Below average Christmas and holiday; excellent February; very warm and wet March and April; set new record for skier visits.

Good snow and skiing from December 16 to February 15. Opened November 28 on man-made snow. Stayed open til March 20.

Last season, on-the-mountain improvements were made in the areas of trail grooming and widening which greatly affected the flow of skier traffic in several locations. Our "No Waiting in Line or Your Money Back" guarantee (in effect for the second year) has given skiers the knowledge that lift lines at Squaw Valley are the shortest in the Tahoe Basin on busy days. A new program, "Fun in the Sun," allowed first-time beginning skiers to have free ski rentals, lesson, and lift ticket for one day. We had over 5,000 participants in this program. Also new last year (with 350 participants), our "Frequent Skier" program allowed skiers one free day of skiing for every six days purchased. Overall, the season was above average in numbers and conditions, even though it basically stopped snowing after January. Numbers remained strong through the middle of March and Squaw Valley was able to stay open until May 2nd.

Built new rental shop, ticket office, ski school and ski patrol building. Installed beginners tow. Held Molson Masters Series Race. March slow to March 1986 due to poor weather (winds, etc.)

Natural snowfall was approximately 25 percent of normal, but snowmaking made a big difference once again. Spring was a "non-event," with practically no natural snowfall. Luckily, extreme cold temperatures in early December maximized snowmaking efforts, and the little natural snowfall which did occur fell just before Christmas, resulting in a record holiday week and record January.

Major expansion: doubled ski terrain, quad lift, strong marketing for expansion. Weather: fourth driest winter in 137 years, 2nd lowest skier visit count.

The month of January was one of the best ever, then interest dropped off rapidly due to unseasonably warm weather, and a lack of new snow.

The Sierras experienced another low snow year and for Sierra Summit it was extremely poor, equalling that of the previous year. However, a new snowmaking system on the lower half of the mountain and a more aggressive marketing program enabled the area to increase by 35 percent over the previous terrible year. Still, Sierra Summit was about 25 percent below normal business volume.

The season started strong. We had a healthy December with all facilities open during Christmas vacation on a combination of man-made and natural snow. January was terrific, just under the previous January's record. However, the weather turned summer-like in early February and lasted that way throughout the rest of the season. We had piled up enough snow to keep good coverage through March, but business volume fell off radically, such that February's volume was poor and March's terrible. The area closed Easter Sunday, April 3rd. The poor ending brought the season's volume to the third worst of the past ten, 20 percent off the previous year.

Unusual weather. No snow until end of first week in December. January was an excellent month. After Presidents weekend, there was almost no more snow and the temperatures were so warm, skiers developed other interests and spring crowds were low. Only received about 50 percent of normal snowfall.

Mt. Rose entered into a 20 year lease to operate the Slide Mt. Ski Area–approximately 500 acres, 2 lifts, 1400 vertical. Additional base facilities, parking, skiable terrain should help to increase skier days and ticket dollars.

Once again it wasn't a bumper year. We got off to a slow start with low snow base conditions. This, combined with gusty winds and below zero temperatures that lasted through the holiday season, hurt our revenues. February and March were beautiful, sunny months without any snow, but below normal skier days. This was attributed to the lack of enthusiasm due to the mediocre ski season. Kirkwood closed early on April 10, 1988.

Expansion: new lodge (doubled square feet at base area from 6,500 feet to 13,000 feet); new trail; improvements to existing trails. Season started good (December 8th). Good weather for Christmas and important holidays; weather turned warm in mid-February; season died in early March.

Just hope the "greenhouse effect" doesn't happen all at once–specifically 88-89. 87-88 up 46,000 skiers from the season before. Are cold and snowy winters gone forever?

Only 130" total snowfall, of which only 8" fell after February 19. Without the new snowmaking, which was turned on December 11, year would have been disaster (see 1983-84 skier days). Made snow on March 21 and skied through the end of the month with no days of lift or trail closure due to lack of snow.

87-88 better than 86-87 but still poor. No significant snow after mid-January. Snowmaking saved us.

The Sierra snow gods took a winter vacation beginning mid-January, and forgot to come back, causing skier days to fall dramatically in March and April. Our silver lining was a continued strong growth (17 percent) in beginner lessons.

APPENDIX A

LIST OF SKI AREAS RESPONDING TO THE NATIONAL SKI AREAS ASSOCIATION ANNUAL ECONOMIC SURVEY, 1987-88 SEASON

This list consists of the 138 ski areas that responded to the annual economic survey and provided complete financial data. The ski areas are listed in alphabetical order by region.

East

Attitash
Rt. 302, Box 308
Bartlett, New Hampshire 03812

Auberge Gray Rocks Inn
P.O. Box 1000
St-Jovite, Quebec
Canada J0T 2H0

Beech Mountain Resort, Inc.
P.O. Box 1118
Banner Elk, North Carolina 28604

Big Boulder Ski Area
Big Boulder Lake
P.O. Box 702
Blakeslee, Pennsylvania 18610-0702

Blue Mountain Resorts Limited
R.R. No. 3
Collingwood, Ontario
Canada L9Y 3Z2

Bretton Woods
Route 302
Bretton Woods, New Hampshire 03575

Bromley
P.O. Box 1130
Manchester Center, Vermont 05255

Camelback Ski Corporation
P.O. Box 168
Tannersville, Pennsylvania 18372

Cataloochee Ski Area
Rt. 1, Box 502
Maggie, North Carolina 28751

Catamount
Rte. 23
South Egremont, Massachusetts 01258

Elk Mountain Ski Center
RD No. 1, Box 258
Union Dale, Pennsylvania 18470

Hidden Valley Resort
1 Craighead Drive
Somerset, Pennsylvania 15501

Holiday Valley Resort
P.O. Box 370, Holiday Valley Road
Ellicottville, New York 14731

Jack Frost Mountain Ski Area
P.O. Box 703
Blakeslee, Pennsylvania 18610-0703

Jay Peak Ski Resort
Route 242
Jay, Vermont 05859

Jiminy Peak, Inc.
Corey Road
Hancock, Massachusetts 01237

Killington Ski Area
Killington Road
Killington, Vermont 05751

Loon Mountain Recreation
Kancamagus Highway, Rt. 112
Lincoln, New Hampshire 03251

Lost Valley Inc.
Box 269, Lost Valley Road
Auburn, Maine 04210

Mont Farlagne
P.O. Box 61
Edmundston, New Brunswick
Canada E3V 3K7

Mont St-Sauveur Inc.
Rue St-Denis, C.P. 910
St-Sauveur-Des-Monts, Quebec
Canada J0R 1R0

Mount Mansfield Resort
P.O. Box 1310
Stowe, Vermont 05672

Mount Snow Ski Area
Route 100
West Dover, Vermont 05356

Mt. Cranmore, Inc.
P.O. Box 1640, Skimobile Road
N. Conway, New Hampshire 03860

Mt. Sunapee
Mt. Sunapee, New Hampshire 03772

Mt. Tom Ski Area Inc.
P.O. Box 1158, Rte. 5
Holyoke, Massachusetts 01040

Okemo Mountain, Inc.
RFD No. 1
Ludlow, Vermont 05149

Parc du Mont-Sainte-Anne
P.O. Box 400 (via routes 138 & 360 East)
Beaupre, Quebec
Canada G0A 1E0

Shawnee Mountain, Inc.
P.O. Box 93
Shawnee-on-Delaware, Pennsylvania 18356

Ski Crotched Inc.
Mountain Road
Francestown, New Hampshire 03043

Ski Liberty Operating Corporation
P.O. Box D
Fairfield, Pennsylvania 17320

Ski Roundtop Operating Corporation
925 Roundtop Road
Lewisberry, Pennsylvania 17339

Ski Stoneham
1420 Hibou Avenue
Stoneham, Quebec
Canada G0A 4P0

Ski Valley Club, Inc.
West Hollow Road
Naples, New York 14512

Ski Windham Operating Corporation
Clarence D. Lane Road
Windham, New York 12496

Snowshoe Mountain Resort
P.O. Box 10
Snowshoe, West Virginia 26209

Station de Ski Bromont Inc.
150 Champlain Street
Bromont, Quebec
Canada J0E 1L0

Sugar Mountain Resort, Inc.
P.O. Box 369
Banner Elk, North Carolina 28604

Sugarloaf/USA
Carrabassett Valley
Kingfield, Maine 04947

Sunday River Ski Resort
P.O. Box 450
Bethel, Maine 04217

Swain Ski Slopes Inc.
Main Street
Swain, New York 14884

Tenney Mountain Ski Resort
RR No. 2, Box 141
Plymouth, New Hampshire 03264

Wachusett Mountain Ski Area
499 Mountain Road
Princeton, Massachusetts 01541-1105

Waterville Valley Ski Area
Tripoli Road
Waterville Valley, New Hampshire 03215

WinterPlace Ski Resort
P.O. Box 1
Flat Top, West Virginia 25841

Midwest

Caberfae Ski Resort
Caberfae Road
Cadillac, Michigan 49601

Cascade Mountain Ski Area
W10441 Cascade Mountain Road
Portage, Wisconsin 53901

Chestnut Mountain Resort
8700 W. Chestnut Road
Galena, Illinois 61036

Crystal Mountain Resort
M-115 at Lindy Road
Thompsonville, Michigan 49683

Mad River Mountain
Box 22
Bellefontaine, Ohio 43311

Mt. La Crosse
P.O. Box 9
La Crosse, Wisconsin 54602

Paoli Peaks, Inc.
P.O. Box 67
Paoli, Indiana 47454

Pine Mountain
N3332 Pine Mountain Road
Iron Mountain, Michigan 49801

Skyline Ski Area
Rt. No. 1, Box 1708
Grayling, Michigan 49738

Snow Trails
P.O. Box 1456
Mansfield, Ohio 44901

Snowstar
9500 126th Street West
Taylor Ridge, Illinois 61284

Sundown
17017 Asbury Rd.
Dubuque, Iowa 52001

Rocky Mountain

Alta
Alta, Utah 84092

Beaver Creek
Box 7
Vail, Colorado 81658

The Big Mountain
P.O. Box 1400
Whitefish, Montana 59937

Bogus Basin Ski Resort
2405 Bogus Basin Road
Boise, Idaho 83702

Brian Head Ski Area
P.O. Box F
Cedar City, Utah 84720

Bridger Bowl
15795 Bridger Canyon Road
Bozeman, Montana 59715

Copper Mountain Resort
P.O. Box 3001
Copper Mountain, Colorado 80443

Crested Butte Mountain Resort
P.O. Box A
Mt. Crested Butte, Colorado 81225

Deer Valley Ski Resort
P.O. Box 889
Park City, Utah 84060

Eldora Ski Area
P.O. Box 430
Nederland, CO 80466

Fairfield Snowbowl
P.O. Box 1208
Flagstaff, Arizona 86002

Grand Targhee Resort
Box SKI
Alta, Wyoming 83422

Jackson Hole Ski Corporation
P.O. Box 290
Teton Village, Wyoming 83025

Loveland Ski Areas
P.O. Box 899
Georgetown, Colorado 80444

Monarch Ski Resort
Box SA
Garfield, Colorado 81227

Montana Snow Bowl
535 Evan Kelly Rd.
Missoula, Montana 59802

Powder Mountain, Inc.
P.O. Box 68
Eden, Utah 84310

Purgatory Ski Resort
P.O. Box 666
Durango, Colorado 81302

Sandia Peak Ski Company
10 Tramway Loop NE
Albuquerque, New Mexico 87122

Santa Fe Ski Company
10 Tramway Loop NE
Albuquerque, New Mexico 87122

Ski Cooper
114 East 6th Street, P.O. Box 896
Leadville, Colorado 80461

Ski Estes Park
P.O. Box 1379
Estes Park, Colorado 80517

Ski Schweitzer
P.O. Box 815
Sandpoint, Idaho 83864

Snow King Ski Area
P.O. Box Ski
Jackson, Wyoming 83001

Solitude Ski Area
P.O. Box 17557-0557
Salt Lake City, Utah 84117

Steamboat Ski Corporation
2305 Mt. Werner Circle
Steamboat Springs, Colorado 80487

Sunrise Ski Resort
P.O. Box 217
McNary, Arizona 85930

Taos Ski Valley, Inc.
P.O. Box 90
Taos Ski Valley, New Mexico 87525

Telluride Ski Resort, Inc.
P.O. Box 307 (562 Mountain Village Boulevard)
Telluride, Colorado 81435

Vail
Box 7
Vail, Colorado 81658

Winter Park Resort
P.O. Box 36
Winter Park, Colorado 80482

Wolf Creek Ski Area
P.O. Box 183
Pagosa Springs, Colorado 81147

West

Alpine Meadows Ski Area
P.O. Box 5279
Tahoe City, California 95730

Big White Ski Resort Ltd.
P.O. Box 2039, Station R
Kelowna, British Columbia
Canada V1X 4K5

Blackcomb Skiing Enterprises
P.O. Box 98 (4545 Blackcomb Way)
Whistler, British Columbia
Canada V0N 1B0

Boreal Ski Area
P.O. Box 39
Truckee, California 95734

Canyon Ski Area
Box 207
Red Deer, Alberta
Canada T4N 5E8

Crystal Mountain, Inc.
P.O. Box 1
Crystal Mountain, Washington 98022

Cypress Bowl Downhill Ski Area
P.O. Box 91252
West Vancouver, British Columbia
Canada V7V 3N9

Dodge Ridge Ski Resort
P.O. Box 1188
Pinecrest, California 95364

Eaglecrest Ski Area
155 South Seward Street
Juneau, Alaska 99801

Heavenly Valley
P.O. Box 2180
Stateline, Nevada 89449

Hemlock Valley Resort, Inc.
P.O. Box 7, Site 2, Route 1
Agassez, British Columbia
Canada V0M 1A0

Hoodoo Ski Bowl
Box 20, Hwy. 20
Sisters, Oregon 97759

Kimberley Ski and Summer Resort
Box 40
Kimberley, British Columbia
Canada V1A 2Y5

Kirkwood
P.O. Box 1
Kirkwood, California 95646

Lee Canyon Ski Area
1552 Winwood Street
Las Vegas, Nevada 89108

Lyon Mountain
Box 448
Bragg Creek, Alberta
Canada T0L 0K0

Mammoth June Ski Resort
P.O. Box 24
Mammoth Lakes, California 93546

Marmot Basin Ski-Lifts Ltd.
Box 1300
Jasper, Alberta
Canada T0E 1E0

Mission Ridge
P.O. Box 1765
Wenatchee, Washington 98807-1765

Mt. Bachelor, Inc.
P.O. Box 1031
Bend, Oregon 97709

Mt. Hood Meadows
P.O. Box 470
Mt. Hood, Oregon 97041

Mt. Rose Ski Area
P.O. Box 2406
Reno, Nevada 89505

Mt. Shasta Ski Park
104 Siskiyou Avenue
Mt. Shasta, California 96067

Mt. Washington Ski Resort Ltd.
Box 217
Campbell River, British Columbia
Canada V9W 5B1

Northstar-at-Tahoe
P.O. Box 129
Truckee, California 95734

Powder King
Box 2405
Mackenzie, British Columbia
Canada V0J 2C0

Rabbit Hill Ski Area
Box 8321 P.O. "F"
Edmonton, Alberta
Canada T6H 4W6

Red Mountain
Box 939
Rossland, British Columbia
Canada V0G 1Y0

Sierra Ski Ranch
Sierra Ski Ranch Road
Twin Bridges, California 95735

Sierra Summit, Inc.
P.O. Box 236
Lakeshore, California 93634

Silver Star Mountain Resorts Ltd.
P.O. Box 7000
Vernon, British Columbia
Canada V1T 8X5

Ski Ashland, Inc.
P.O. Box 220 - 1627 Highway 66
Ashland, Oregon 97520

Ski Bluewood
P.O. Box 88
Dayton, Washington 99328

Ski Incline/Diamond Peak
P.O. Box AL
Incline Village, Nevada 89450

Ski Smithers
P.O. Box 492
Smithers, British Columbia
Canada V0J 2N0

Skiing Louise Ltd.
P.O. Box 5
Lake Louise, Alberta
Canada T0L 1E0

Snoqualmie
3010 77th Avenue, S.E., No. 201
Mercer Island, Washington 98040

Snow Summit, Inc.
P.O. Box 77
Big Bear Lake, California 92315

Snow Valley, Inc.
P.O. Box 8
Running Springs, California 92382

Snow Valley Ski Club
P.O. Box 8068
Edmonton, Alberta
Canada T6H 4N9

Squaw Valley USA
P.O. Box 2007
Squaw Valley, California 95730

Stevens Pass, Inc.
P.O. Box 98
Leavenworth, Washington 98826

Sugar Bowl Corporation
P.O. Box 5
Norden, California 95724

Sunshine Village
P.O. Box 1510
Banff, Alberta
Canada T0L 0C0

Tahoe Donner
P.O. Box 11049
Truckee, California 95737

Timberline
Timberline Lodge
Timberline, Oregon 97028

Todd Mountain Development Ltd.
Box 869
Kamloops, British Columbia
Canada V2C 5M8

Westcastle Park
Westcastle Development Authority
Box 279
Pincher Creek, Alberta
Canada T0K 1W0

Whitewater Ski Resort
Box 60
Nelson, British Columbia
Canada V1L 5P7

APPENDIX B

National Ski Areas Association Annual Economic Survey 1987-88 Season

PLEASE RETURN BY AUGUST 15, 1988.

This questionnaire represents the twentieth economic survey of North American Ski Areas. The response in 1986-87 allowed us to prepare an excellent analysis of the industry. We again solicit your cooperation. Please return it as soon as possible.

The data **must include an entire 12-month period**—the 1987 summer season and the winter season 1987-88. If you wish to send us a copy of your **complete financial statement** (including supplements), we will complete a questionnaire for you.

The instructions and definitions provided are designed to facilitate the collection of comparable data—please follow them as closely as possible. The definitions are arranged as they appear in the questionnaire.

We have asked you to identify your area for follow-up purposes; however, all information will be kept strictly confidential.

Name of Ski Area ______________________ Telephone ______________________

Address ____

City ______________ State ______________ Zip Code ______________

Fiscal Year: ______________ 19 ____ to ______________ 19 ____

Person to contact if further information is required ______________________

Telephone number where contact person can be reached during September and October ______________

Person to whom the final report should be sent ______________________

____

1987-88 GENERAL INFORMATION (For Classification Purposes)

1. Ski-lift data that you provided in previous surveys is stored on punched cards. If you provided this data last year, give your total 1986-87 VTF/Hr and then list only new lifts added and old lifts retired or rebuilt to different capacities. If no changes, just give your 1986-87 VTF/Hr total.
1986-87 Total Area VTF/Hr ______________________

See Definitions 3-7.

A	B	C	D	E
Lift Type (Please list each lift separately.) (Definition 3)	**Year Lift First Operated (Definition 4)**	**Vertical Drop (Definition 5)**	**Uphill Capacity in Skiers/Hour (Definition 6)**	**VTF/Hour (CxD) (Definition 7)**

1987-88 Total Area Vertical Transport Feet/Hour ______

2. Year area **first operated** ____________

3. Does your ski area have snowmaking?
( ) yes ( ) no
If yes, how many hours did you operate snowmaking equipment in 1987-88? ____________ Hours

4. 1987-88 ski area acreage.
   a) Total acreage at ski area: ____________ acres
   b) Total skiable acreage: ____________ acres
   c) Acres of maintained/groomed slopes: ____________ acres
   d) Acres covered with snowmaking equipment: ____________ acres
   e) Acres under lights for night skiing: ________ acres
   f) Acres under USFS permit: total acres ________; skiable acres ________; maintained acres ________.

5. Classification of your ski area—**choose one.**
   ( ) **Day Skier Area** (area at which overnight, dining, and after-ski facilities are limited since the area *primarily serves a day skier market*)
   ( ) **Weekend Skier Area** (area with substantial overnight accommodations and a variety of dining and entertainment but which *primarily serves skiers who stay for a weekend*)
   ( ) **Vacation Destination Skier Area** (area which *primarily serves the skier who stays longer than a weekend*)
   ( ) **Weekend Only Area** (area which is *open only on weekends*)

6. We are seeking an absolute measure of growth in usage. Skier-visits are the universally accepted measure of business volume. Would you provide us with your skier-visit count for the past five ski seasons? (Skier-visits is an actual count and *includes season ticket use.*) (**See Definition 8.**)

	Skier-visits				
	Day		Night		Total
1987-88	________	+	________	=	________
1986-87	________	+	________	=	________
1985-86	________	+	________	=	________
1984-85	________	+	________	=	________
1983-84	________	+	________	=	________

7. We are seeking a measure of your ski area daily and seasonal capacity. Capacity is the product of the number of skiers at one time and the number of time periods. Please provide us with:
   a) Your **peak crowd** in 1987-88: ________ skiers at one time
   b) Your estimate of your "**design**" ***daytime*** **skier capacity** in 1987-88: ________ skiers at one time.
      1) Total days of operation in 1987-88: ______ days.
      2) Of the total days of operation we could handle:
      our design crowd (a) ____________ days;
      between 50 and 99% of our design crowd:
      (b) ____________________ days;
      less than 50% of our design crowd:
      (c) ____________________ days.
      (a) + (b) + (c) equals total days your time in 1).
   c) If you also operate some lifts and trails at night, your estimate of your "**design**" ***nighttime*** **skier capacity** in 1987-88: ________ skiers at one time
      1) Number of nights when all night lifts and trails were open and skiable and you could handle a full nighttime crowd: ____________ nights.

8. 1987-88 Ticket Prices:

Adult Weekend All-Day Ticket	$________
Adult Weekday All-Day Ticket	$________
Night Weekend Ticket	$________
Night Weekday Ticket	$________
Single Adult Season Ticket	$________

9. Proximity to metropolitan area (SMSA) in miles. (See **Definition 9.**)
( ) 0-24 ( ) 25-49 ( ) 50-74
( ) 75-99 ( ) 100 or more

10. How many ski areas are within one hour driving time of your area:
( ) 0 ( ) 1 ( ) 2-3 ( ) 4-5 ( ) 6 or more

11. Percentage of your terrain in the following categories:
Beginner___% Intermediate___% Expert___%

12. Lodging available to ski patrons:
Number of beds at your base area ____________
Number of beds within 10 miles of your base area *(including beds at base)* ____________

13. Other activities available (check all that apply):

	Physically Offered at Area	Offered Nearby
Toboggan or Sleds	( )	( )
Snowmobile	( )	( )
Ice Skating	( )	( )
Ski Touring	( )	( )
Golf	( )	( )
Tennis	( )	( )
Swimming	( )	( )
Other Water Sports	( )	( )
Summer Slide	( )	( )
Other: (please specify) ____________	( )	( )

14. Ski Area Land Ownership is:
( ) All private land
( ) Partially or wholly public land
   ( ) U.S.F.S. permit
   ( ) State/Provincial land lease
   ( ) Canadian Government land lease
   ( ) Other (county, etc.) ____________

Percent of slope transport feet **(see Definition 10)** on **USFS land** ____________%

15. Is your area engaged in land and/or real estate development? ( ) yes ( ) no
If yes, do you offer (check all that apply):
( ) First home sites
( ) First homes
( ) Second home sites
( ) Second homes
( ) Condominium sites
( ) Condominiums
( ) Commercial sites
( ) Commercial buildings

16. Does your area use a computer? ( ) yes ( ) no
If yes, is it ( ) Owned, ( ) Timeshare?
What brand? ____________ Model? ____________
What applications is it used for (check all that apply):
( ) Payroll
( ) Accounts Receivable
( ) Accounts Payable
( ) Forecasting
( ) Market Research
( ) Ticket Sales
( ) Other (please specify) ____________
____

17. Ski area employment in 1987-88 (including concession employees):

Total All Operations

Total Number of Employees:	Lift Dept.	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accommodations	Other	Number of Employees	Full-time Equivalent
on average day	________ +	________ +	________ +	________ +	________ +	________ +	________ +	________ =	________	________
on peak day	________ +	________ +	________ +	________ +	________ +	________ +	________ +	________ =	________	________

1987-88 Itemized Income Statement for a 12-Month Period __________ 1987 Through __________ 1988 (See Definitions 11-16.):

Winter Season Operations

	Ski Lift Dept.	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accommodations	Other[1]
Do not have:	( )	( )	( )	( )	( )	( )	( )	
Own and Operate:	( )	( )	( )	( )	( )	( )	( )	
Concession:	( )	( )	( )	( )	( )	( )	( )	
In thousands:	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Revenue—Gross Sales or	$______	$______	$______	$______	$______	$______	$______	$______
Concession Income	......	$______	$______	$______	$______	$______	$______	$______
Less: Direct Expenses								
(A) Cost-of-Goods-Sold	......	......	$______	$______	$______	$______[4]	......	$______
(B) Direct Labor	$______*	$______	$______	$______	$______	$______	$______	$______
(C) Other Direct[5]	$______	$______	$______	$______	$______	$______	$______	$______
Less: Direct Allocations:								
(D) Payroll Taxes, etc.	$______	$______	$______	$______	$______	$______	$______	$______
(E) Property Operation								
Equals: GROSS MARGIN:	$______	$______	$______	$______	$______	$______	$______	$______

***Detail Winter Lift Department**		(000)
Direct Labor:	Lift	$______
	Ski Patrol	$______
	Slope Maintenance	$______
	Maintenance and Repair	$______
	Ticket Sales	$______
	Other	$______
	Total	$______

[1] Other includes Lockers, Nursery, Souvenirs, Coin Machines, Snow Tours, Ice Skating, etc.

[2] The Utility Dept. is for those ski areas that operate community water, sewer, power, plowing, telephone, garbage collection, etc., services either for a fee or free.

[3] Misc. includes Interest Income, Timber Sales, and other unconventional undertakings.

[4] Include the depreciation of rental equipment under cost-of-goods-sold instead of the depreciation account. This is because of the general short life of this equipment.

[5] Other Direct Costs to include the utility cost (except snowmaking), repair and maintenance costs, parts and supplies costs, uniform costs, and any other costs that are directly attributable to the departmental operation.

[6] Payroll Taxes and Employee Benefits to include FICA and unemployment taxes, health, disability and workman's compensation insurance, life insurance, pension and profit sharing, vacation and holiday pay, meals, gifts, etc.; may be allocated by department or grouped under the annual totals in accordance with your accounting treatment.

[7] Despite all efforts to the contrary, there are major items of expense involved in the operation and maintenance of a ski area that do not lend themselves to a direct charge to an operating department. For example, an area might have a general maintenance crew who works from a common supply of tools and repair parts to do minor maintenance in all departments of the ski area. For comparability and analysis, these costs are consolidated as Property Operations, Maintenance, and Energy. You may allocate them by department or group them under annual totals in accordance with your accounting treatment.

18. Will you please provide us with comments on your 1987-88 season? What were the highlights, such as new areas or major expansions, unusual weather conditions, or major pricing or marketing activities that have affected your performance for the 1987-88 season? (Please use an additional sheet if necessary.)

____

____

____

____

Year Round Operations			Summer Season Operations							
Real Estate	Utility[2] Dept.	Misc.[3]	Lift Dept.	Food/Bar Service	Retail Store	Sports Dept.	Accommodations	Summer Slide	Other	**ANNUAL TOTALS**
( )	( )	( )	( )	( )	( )	( )	( )	( )		
( )	( )	( )	( )	( )	( )	( )	( )	( )		
( )	( )	( )	( )	( )	( )	( )	( )	( )		
(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
$____	$____	$____	$____	$____	$____	$____	$____	$____	$____	$____
$____	$____	$____	. . . . .	$____	$____	$____	$____	$____	$____	$____
$____	. . . . . .	$____	. . . . . .	$____	$____	. . . . . .	. . . . . .	$____	$____	$____
$____	$____	$____	$____	$____	$____	$____	$____	$____	$____	$____
$____	$____	$____	$____	$____	$____	$____	$____	$____	$____	$____
$____	$____	$____	$____	$____	$____	$____	$____	$____	$____	$____ 6
										____ 7
$____	$____	$____	$____	$____	$____	$____	$____	$____	$____	$____

Less: Common Expenses:

(A) General and Administrative		$____
(B) Marketing (Adv.; Pub.; Pro.; P.R.; etc.)		$____
(C) Insurance:	(1) Property (Fire, Theft, etc.)	$____
	(2) Liability	$____
(D) Land use fees	(1) Public Land Lease	$____
	(2) Private Land Lease	$____
(E) Taxes (Except Income taxes)		
	(1) Property Taxes	$____
	(2) Other Taxes	$____
(F) Snowmaking:	(1) Labor	$____
	(2) Power/Fuel	$____
	(3) Maintenance	$____
	(4) Other (Water, etc.)	$____
(G) Snow removal		$____
(H) Miscellaneous		$____
(I) Depreciation and Amortization		$____
OPERATING PROFIT (LOSS)		$____
Less: Interest Expense		$____
PROFIT (LOSS) Before Income Taxes		$____

Balance Sheet Information (as of ______________ 1988)
(See Definitions 17-25.)

> Please make sure total assets equal total liabilities + net worth. Otherwise the data cannot be used.

	(Round to Nearest $1,000) **1988**
Assets	
a. Current Assets	$
b. Gross Fixed Assets (Undepreciated Cost Excluding Land Held for Resale and Overnight Accommodations)	
c. Less Accumulated Depreciation	( )
d. Other Assets (Including Land Held for Resale and Overnight Accommodations)	
TOTAL ASSETS	$ *
Liabilities and Net Worth	
e. Current Liabilities	
f. Long-Term Debt	
1. Senior Long-Term Debt (Secured by Mortgaged, Chattels, etc.)	
2. Subordinated Debt	
g. Deferred Taxes	
h. Other Liabilities	
i. Net Worth	
1. Invested Capital	
2. Retained Earnings (Loss)	
3. Less Treasury Stock	( )
TOTAL LIABILITIES AND NET WORTH	$ *

***Please make sure that these figures are the same.**

Finally, what comments do you have on the annual economic survey? What would you like to see added or dropped? What suggestions can you make to improve it?

Would you like to receive the report in loose leaf form, 3-hole punched, rather than bound the way it is now?

Thank you for your cooperation.

Please return the questionnaire to:
Business Research Division
University of Colorado at Boulder
Boulder, Colorado 80309-0420

APPENDIX C

DEFINITION OF TERMS

The definitions of terms utilized throughout the report were developed primarily by the National Ski Area Association's Economic Study Committee. Definitions are given below together with a brief explanation of the usage of the information.

1. Season–the inclusive months during which a ski area is open each season.

2. Fiscal Year–the month in which an area closes its books.

3. Type of Lifts–for purposes of this study are categorized as surface, chair, or gondola.

4. Year Lift First Operated–year when the lifts were first installed and operated. Provides a rough measure of capital investment in the industry over time.

5. Vertical Drop–the vertical distance from the top to the bottom of the slope for a particular lift.

6. Uphill Capacity–the manufacturers rated number of skiers per hour a lift can transport to the top of the slope. An area's capacity is the sum of the individual lifts.

7. VTF/Hour (Vertical Transport Feet Per Hour)–the product of the vertical drop of a lift times the lift manufacturers rated skiers per hour capacity.

8. Day Skier Area–area at which overnight, dining and after-ski facilities are limited since the area primarily serves a day skier market.

9. Weekend Skier Area–area with substantial overnight accommodations and a variety of dining and entertainment but which primarily serves skiers who stay for a weekend.

10. Vacation Skier Area–area which primarily serves the skier who stays longer than a weekend.

11. Weekend Only Area–area which is open only on weekends.

12. Skier Visit–one person visiting a ski area for all or any part of a day or night for the purpose of skiing. This is the total number of lift tickets issued. Skier visits include full-day, half-day, night, complimentary, adult, child, season and any other ticket types that give a skier the use of an area's facilities. Where single rides or coupon books are an important source of revenue, equivalent skier visits are computed from these sources. Each ticket sold for night skiing is included as a skier visit. Skier visits is an actual count and includes season ticket use.

13. Standard Metropolitan Statistical Area (SMSA)–an incorporated area with a nucleus of at least one city of 50,000 inhabitants or more (or "twin cities" with a combined population of at least 50,000).

14. Slope Transport Feet–a method for prorating winter-sport uphill facility capacity on the basis of land ownership. The multiplication of (1) the capacity of each lift times (2) the slope distance traveled by that lift through each ownership (private or U.S. Forest Service). These factors are added for each ownership and the percentage they bear to the total is determined. The resulting percentages reflect by ownership the weighted capacity of the lifts.

15. Revenue–the total revenue derived from ski area operations including ski lifts, ski school, cafeteria, ski shop, equipment rentals, accommodations, and real estate. It also includes concession income from leased operations.

16. Direct Labor–total employees' salaries and wages.

17. Other Direct Expense–any other costs directly related to the particular activity (excluding depreciation).

18. Gross Margin–the revenue available to cover other expenses after direct expenses have been deducted.

19. Insurance–includes both insurance premiums and self-insured losses or deductible losses paid during the twelve month period.

20. Profit (Loss) Before Income Tax–net income derived from all area operations after direct and other expenses have been deducted from total revenue.

21. Current Assets–assets such as cash, inventories, prepaid expenses, accounts receivable, or other items which will convert to cash in the normal course of business within one year.

22. Gross Fixed Assets (GFA)–the total of the original undepreciated cost (not present value) of the improvements and fixtures plus the cost of equipment necessary to generate sales and other income such as day buildings, lifts, equipment, investment in trails, parking, etc., less cost of equipment disposed of. Fixed assets are shown at original cost including additions, but prior to any allowances for depreciation and/or amortization.

23. Depreciation–the cumulative sum of depreciation of gross fixed assets. Indicates the extent to which an area's assets have been written off. Should not include any depreciation on assets previously disposed of.

24. Other Assets–any assets other than current or gross fixed assets. Includes land held for resale as well as overnight accommodations.

25. Current Liabilities–liabilities such as accounts payable, accrued wages, accrued payroll taxes and portions of loans or long term debt due within one year.

26. Long Term Senior Debt—borrowings with repayment scheduled more than one year in the future that are secured by some claim to property or equipment in the event of nonpayment.

27. Long Term Subordinated Debt—all borrowing with repayment scheduled more than one year in the future and where the lender has no claim to a specific asset upon liquidation and/or subordinated in terms of priority of payment to other creditors.

28. Invested Capital—the original ownership investment (amount received for stock, partnership or proprietorship interest), plus any new equity funds raised from sources other than earnings.

29. Retained Earnings (Loss)—cumulative earned surplus or loss from annual operations.

Economic Ratios

30. Ski Area Capacity—is defined as those numbers of skiers that a given ski area can comfortably support on the slopes, lifts and in the base and mountain warming buildings without over-crowding or those that may be accommodated at one time and still preserve a congenial environment. A ski area's comfortable capacity is some function of VTF/hour, scope of skiing, and difficulty of terrain, as well as a reflection of the various abilities of the skiers. Ski area capacity is a judgment. In this report it is calculated by assuming a specific VTF/hour demand that varies by geographic region.

31. Operating Profit—is defined as profit before income tax and interest expense. These two expenses vary according to the capital structure and past operations history. Operating Profit is a more precise way of measuring economic variations due to operating experience and seasonal fluctuations and allows for the comparison of ski areas with varying capital structures.

32. Utilization—is measured in percent of capacity. Capacity is the product of a ski area's capacity times its days of operation. Utilization compares actual skier visits to calculated ceiling season capacity.

33. Capital Cost (GFA)/Capacity Ratio—is the ratio between the cost to construct the ski area and its ability to handle skiers. As such for any given point in time it is a rough measure of the site and design efficiency.

34. Operating Cost/Capacity Ratio—is the ratio between cash operating costs (excluding depreciation and interest) and the ceiling season skier capacity (ski area capacity times length of season). Note that since methods used in the presentation of the average area's income statement exclude any and all direct operating expenses for supporting departments that they too are excluded from this ratio. This ratio is a measure of the operating efficiency of a ski area. It is expressed in dollars per skier visit of seasonal capacity.

35. Total Revenue Per Skier Visit–is the gross dollars actually received from each skier for each visit from ski lifts ticket sales, plus the net margin from each supporting activity. It is calculated by dividing total revenue by actual skier visits.

36. Days/nights of Operation–is measured in "equivalent" days/nights where full weight is given to days and nights where all facilities are open; 75 percent to days where less than full but more than one-half of the mountain is open and skiable; and 25 percent to days where less than half of the mountain is open and skiable.

APPENDIX D

NSAA ECONOMIC STUDY COMMITTEE

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